

2018-19
ANNUAL REPORT



NITIN

Nitin Spinners Limited

INNOVATION
EXECUTION
GROWTH

INSIDE THE REPORT

CORPORATE OVERVIEW 02-19

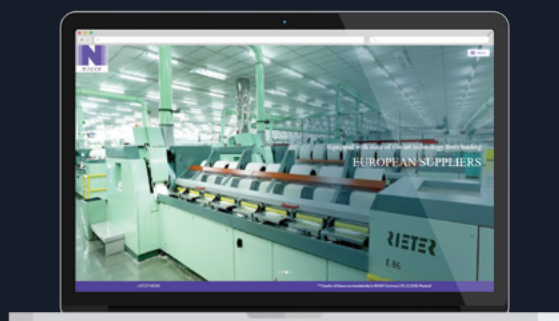
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www.nitinspinners.com





Success is often a pretty straightforward equation – you consistently bring in new ideas, you act on them with commitment and you persist until the results to come in. This is what has helped us on our journey this year as well.

Keeping innovation at the forefront, we strategized the areas that needed our focus; once we knew where our priorities must lie, we made requisite investments in capacities, got the ball rolling on our various expansion initiatives and thereby we paved the way for our growth.

Coupled with complimentary growth in our industry, which further boosted demand, the year has been one of satisfactory performances, and we look ahead to furthering our expansions and entering the next phase of our growth by the next fiscal.

THE FABRIC OF EXCELLENCE

Nitin Spinners has emerged as a leading manufacturer of 100% cotton yarn and knitted fabrics in India with over 25 years of experience. We have capitalized on growing opportunities strengthening our market presence in over 50 countries across the globe.

Commencing our journey with a small open-end spinning facility in 1992, we progressed into ring-spinning and subsequently forward integrated into knitted fabrics. The combination of manufacturing expertise and sustained investments are today the corner-stone of our success story.



Our Vision

- Become Integrated Textiles manufacturer by forward and vertical integration
- Stay effective and proactive in developing new markets and products
- Remain at the forefront in high-quality textile products manufacturing
- Endeavour for the ultimate satisfaction of our allied partners with:
 - The Right Technology
 - The Right Raw Material
 - The Right People, and above all
 - The Right Attitude
- Create value for shareholders and allied industries
- Increase foreign exchange earnings by being the preferred international supplier





Our Mission

- To be the most reliable supplier across textile value chain
- Provide superior quality products at competitive prices and establish a brand value in the international arena
- Exceed industry standards with exceptional customer and technical service
- Maintain our competitive strategic position through leading edge technology
- Provide a safe, fulfilling and rewarding work environment for employees
- Promote partnerships with government agencies and institutions of international recognition
- Provide training to our employees for their future development

₹515 Crores

Market Capitalisation
as on 31st March 2019

₹1,242 Crores

Revenue in 2018-19

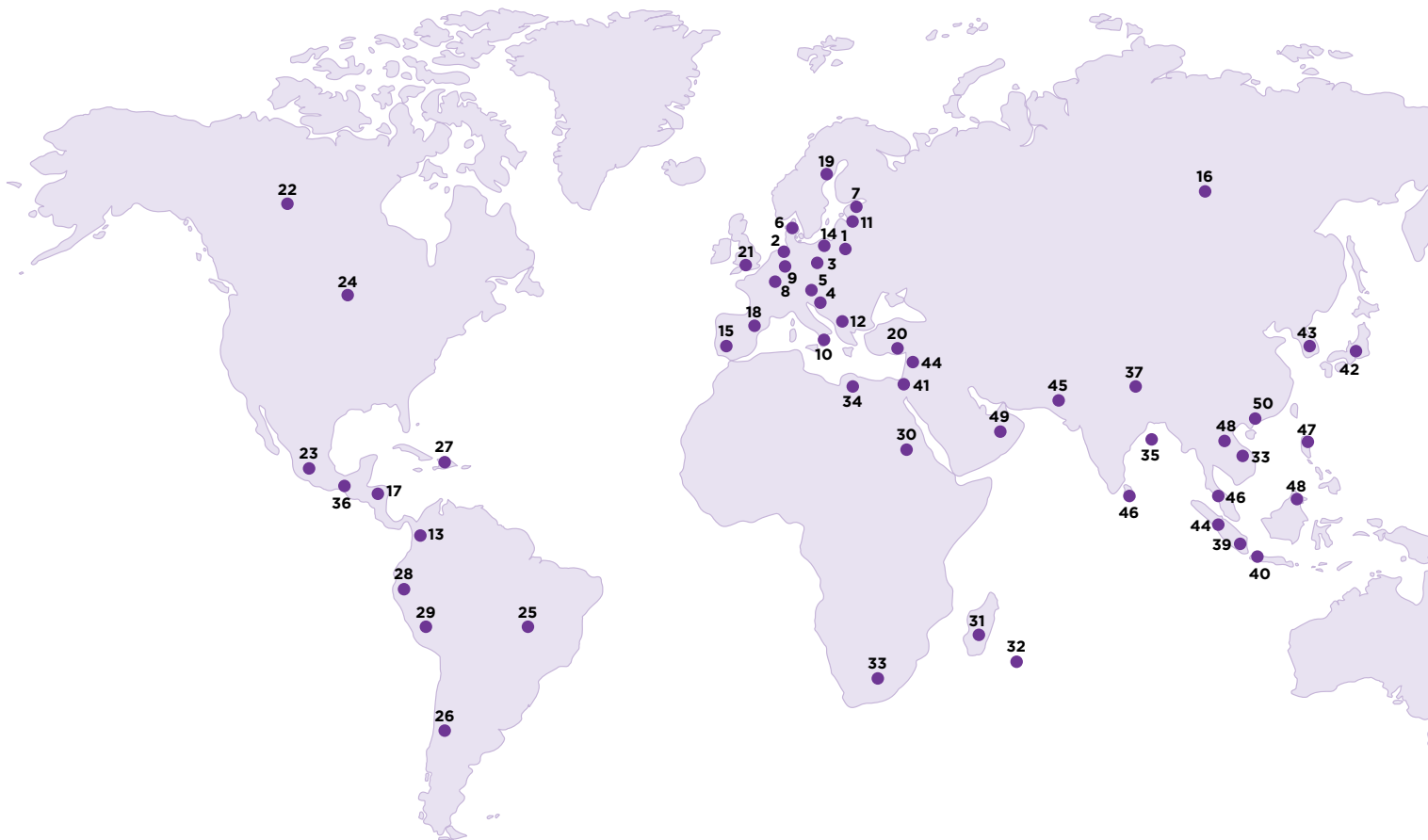
3,130

Total Employee strength
as on 31st March 2019



WEAVING A GLOBAL FOOTPRINT

Through our diversified range of products, we have not only expanded our footprint in India but also strengthened our presence in international boundaries. With our global customer base, we have deepened our regional focus and gained insights into how we can best meet our consumer needs across the geographies where we operate.




- | | | | |
|------------|--------------------|------------------------|------------------|
| 1. BELARUS | 11. LITHUNIA | 22. CANADA | 33. SOUTH AFRICA |
| 2. BELGIUM | 12. MACEDONIA | 23. MEXICO | 34. TUNISIA |
| 3. AUSTRIA | 13. COLOMBIA | 24. USA | 35. BANGLADESH |
| 4. CROATIA | 14. POLAND | 25. BRAZIL | 36. EL SALVADOR |
| 5. CZECH | 15. PORTUGAL | 26. CHILE | 37. CHINA |
| 6. DENMARK | 16. RUSSIA | 27. DOMINICAN REPUBLIC | 38. HONG KONG |
| 7. ESTONIA | 17. HONDURAS | 28. ECUADOR | 39. INDONESIA |
| 8. FRANCE | 18. SPAIN | 29. PERU | 40. SINGAPORE |
| 9. GERMANY | 19. SWEDEN | 30. EGYPT | 41. ISRAEL |
| 10. ITALY | 20. TURKEY | 31. MADAGASCAR | 42. JAPAN |
| | 21. UNITED KINGDOM | 32. MAURITIUS | 43. KOREA |

Key numbers – 2018-19**50**

Countries of export

₹844 Crores

Revenue from exports

- 
44. MALAYSIA
 45. PAKISTAN
 46. SRI LANKA
 47. TAIWAN R.
 48. THAILAND
 49. U.A.E.
 50. VIETNAM

SPINNING AN INNOVATIVE PRODUCT PORTFOLIO

At Nitin Spinners, it is our top priority to deliver quality products to our customers, while maintaining our commitment to quality.



We provide...



Yarns

- Ring Spun Combed Yarns from Ne 10/1 to Ne 80/1
- Multi-fold Ring Spun Yarns
- Fancy Slub Yarns
- Core Spun Yarns
- 'S' & 'Z' Twist Yarns
- Dye-able cheese/cones – Soft package
- 100% Organic Cotton Yarns and Blends
- BCI/TBC Certified Yarns
- Supima and Giza Certified Yarns
- Zero Twist Yarn for Towel
- Eli Twist Yarns (Siro Yarns)
- Open End Yarns from Ne 6/1 to Ne 24/1
- Multi-fold Open End Yarns

79%

Revenue share of Cotton Yarn segment in 2018-19

14%

Revenue share of Knitted Fabrics segment in 2018-19

₹ 984 Crores

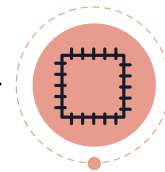
Revenue from yarn segment

₹ 178 Crores

Revenue from knitted fabrics segment



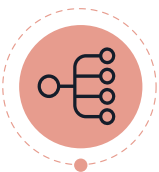
And ..



Knitted Fabrics

- Single Jersey
- Pique structures
- Interlock structures
- Rib structures
- Lycra Blended Fabrics

To cater to the several
downstream industries:



- Apparel & Garments
- Inner wear
- Terry Towels
- Woven Fabrics
- Home Furnishings
- Carpets
- Denim
- Industrial Fabrics
- Medical Textiles
- Mattresses
- Socks
- Tea Bags



CONFIDENCE TIED TO KEY NUMBERS

We hold a differentiated position in the textile market offering a wide range of products under yarn and knitted fabrics segment while also supplying a complete range of products to fulfil the wide end-user industry needs.



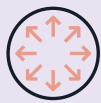
50

Years of experience
of top management



700 Kms

Distance to nearest port



₹ 745 Crores

Amount invested in capacity
expansion in last three years



3,130

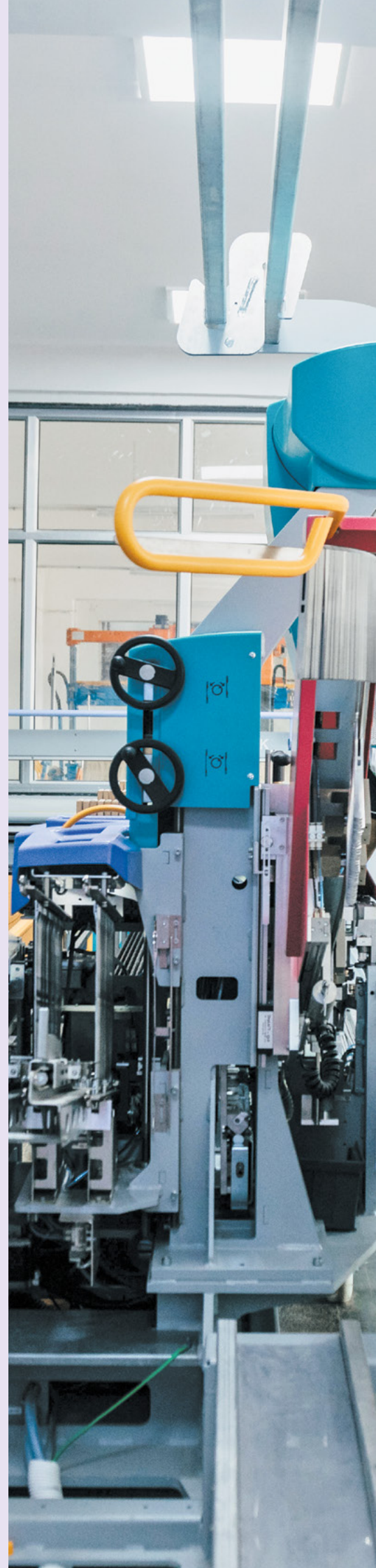
Employees as on March 31, 2019

1.4:1

Debt-equity ratio

6.26

Interest coverage in 2018-19





CHAIRMAN'S SPEAK



I believe that the opportunities for Nitin Spinners are endless as we continue to execute on our strategic priorities with an emphasis on driving long-term value creation.

Dear Shareholders,

India stands at a threshold of resurgent economic growth. With the recently elected government with a strong mandate and ambitious target of reaching \$5 trillion economy by 2025, the country stands as a stronger emerging economic nation. We began the year with an aim to widen our product market presence and enhance our product portfolio that would transcend into improved financial metrics. And I am happy to report we

did achieve our targets despite several challenges. Our theme for the annual report aptly summaries our attitude and rationale during the current fiscal. Our pursuit towards excellence, our resilience in executing our strategies and commitment to deliver growth were reasons that helped 2018-19 to be a productive year for Nitin Spinners, as we demonstrated significant progress to create a sustainable organization for the long-term future.

Economic review

During the year, the Indian economy registered a GDP of 6.8% on the back of favourable demographic dividend and a number of structural reforms that took place during the year. In addition, strengthening investments and robust private consumption further helped clock a growth rate to outperform the macro-economic

challenges. Moderation in global demand due to tightening of financial conditions and uncertainty arising out of global trade tensions continued to pose challenges.

Industry perspective

Amid these uncertainties, the global as well as Indian textile and apparel industry grew at a robust pace. While China became the largest exporter of textile and apparels with a market share of 36%, India emerged as second largest exporter with market share of 5%. The domestic textile and apparel industry is growing at a robust rate due to notable rise in demand on account of growth in per- capita income, favourable demographics and a shift to branded product preference. This has created demand growth in the apparel segment, thereby driving demand for apparel fabrics.

Operational excellence

FY 2018-19 was a year of business momentum and profitable growth for us. Our diverse product portfolio and wide global client base provided us a foundation to build for the future. With major expansion initiatives in line, we posted a revenue growth of 8.5% from ₹ 1145.25 Crores to ₹ 1242.51 Crores in FY 2018-19. Of this, the revenue under cotton yarn segment constituting 79.21% of total revenue increased by 11.78% from ₹ 880.50 Crores in 2017-18 to ₹ 984.19 Crores in 2018-19 whereas the revenue under Knitted Fabric segment stabilized at ₹ 178.06 Crores. In addition to this, our EBITDA increased from ₹ 157.17 Crores in 2017-18 to ₹ 180.84 Crores in 2018-19 during the year and PAT grew from ₹ 52.39 Crores in 2017-18 to ₹ 64.11 Crores in 2018-19.

Expansion plans

During the year, we worked towards installation of Integrated Textile Unit at Bhanwaria Kalan, Tehsil Begun in the District of Chittorgarh, Rajasthan at an estimated project cost of ₹ 675 Crores. The work is in progress and trial production in spinning and weaving divisions has commenced.

In the expansion project we are manufacturing value-added products by entering into finished fabric segment to supply quality fabrics to renowned apparel manufacturers. In the yarn segment, we are expanding our product range by introducing Ring spun Carded yarns and PC blended yarns.

Technological capabilities

Emerging technologies across industries are playing a critical role in remaining relevant to business sustainability. As a result, we continued to invest in our technologies to drive our operational excellence. We have always deployed latest machines across our manufacturing operations that are automated to reduce the use of unskilled manpower, improve the quality of our products and optimise power consumption.

Our people

I strongly believe that our success over the years would not have been possible without the efforts of our people. Thus, we, at Nitin, are committed to developing our employees, retain exceptional talent and build an engaging work culture to develop future leaders. During the year, we worked with a strength of more than 3000 employees empowering them towards career development and also provide on-the-job training to our workers and staff.

Road ahead

Going forward, we have a number of initiatives underway that would help us increase our market share around the world while driving profitable growth for our shareholders. We expect our ongoing expansion project to be completed by this fiscal. Before entering the next phase of expansion, we plan to work on fully utilizing our added capacities of yarn and knitted fabrics. We also expect to achieve a revenue level of over ₹ 2000 Crores by FY 2020-21. I believe that the opportunities for Nitin Spinners are endless as we continue to execute on our strategic priorities with an emphasis on driving long-term value creation. Our commitment to our consumers, associates and communities drives us every day, and the passion we share unites us across this organization.

Hereby, I would like to thank all our stakeholders, for their confidence in our company and our vision. With your support, we will continue to deliver sustainable, long-term value for you, while also making a meaningful difference.

Regards,

R.L. Nolkha
Chairman

FINANCIAL PERFORMANCE

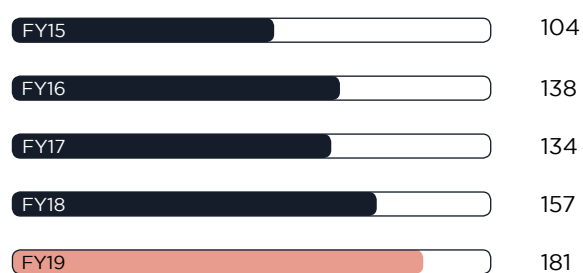
Revenue

(₹ Cr)



EBITDA

(₹ Cr)



EBITDA Margin

(%)



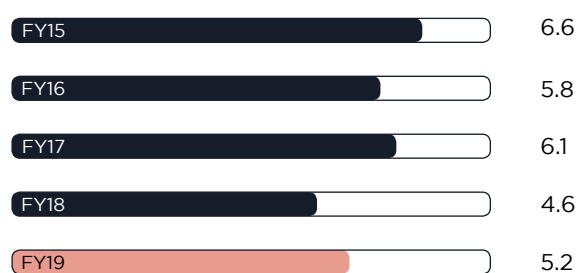
PAT

(₹ Cr)

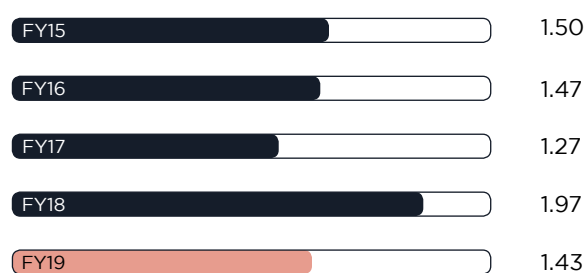


PAT Margin

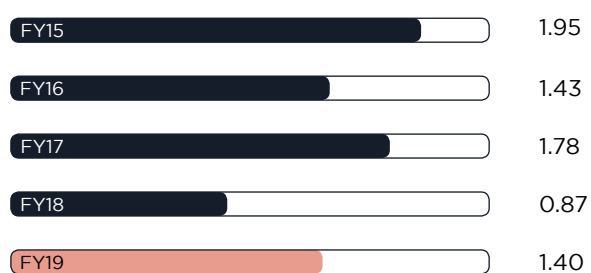
(%)



Current Ratio



Debt Equity Ratio



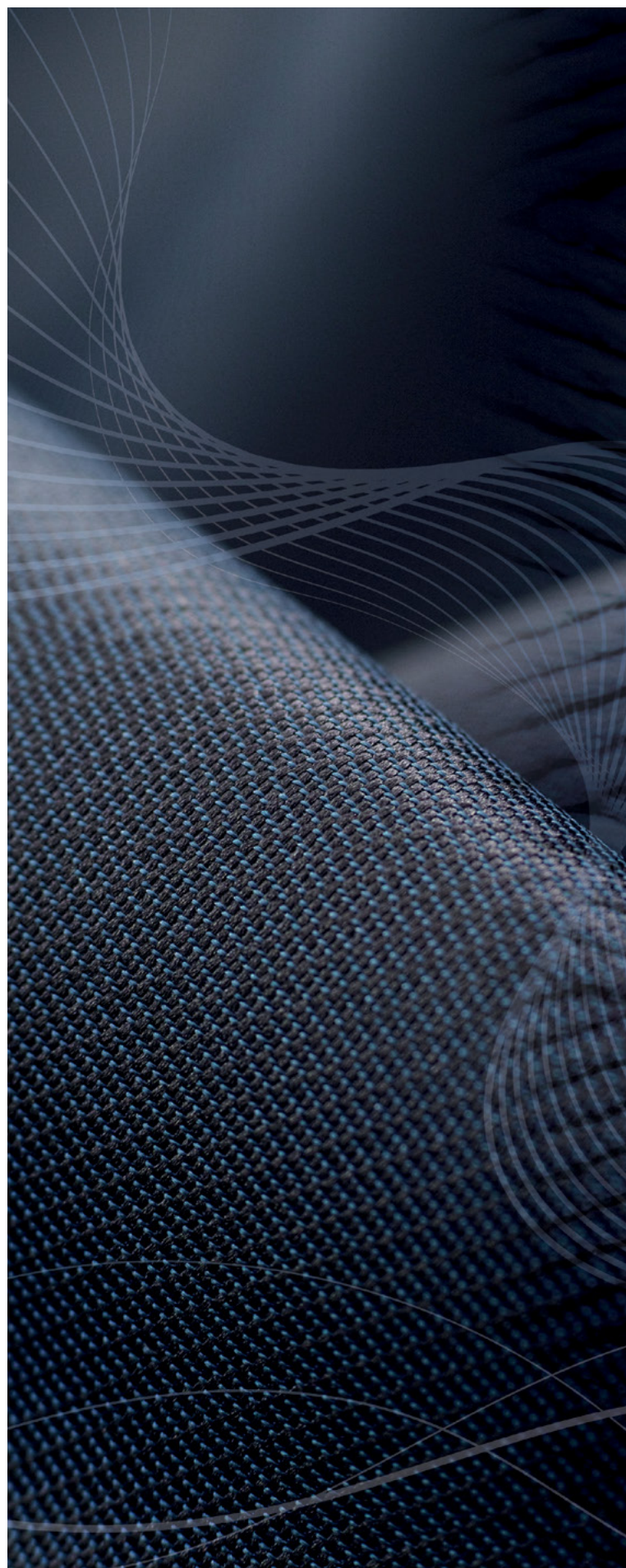
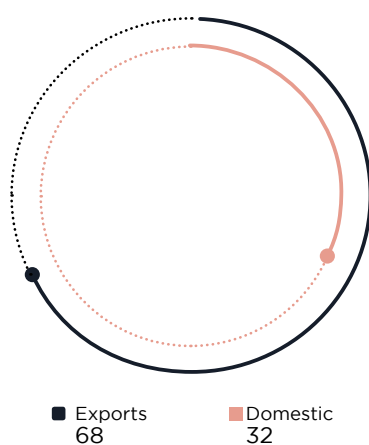
ROACE

(%)



Revenue Mix

(%)



UNIQUE CREATIONS AT OUR MANUFACTURING FACILITIES

Product design and innovation, including suitability for end use, finish and quality, are important elements across our business. This is achieved at Nitin with our manufacturing facilities equipped with contemporary technologies giving us a competitive edge over other industry players.

Key Highlights

50,000_{mtpa}
Capacity of Yarn manufacturing facility

49,200_{mtpa}
Actual production of Yarn

98%
Capacity utilization of Yarn manufacturing facility during 2018-19

223,056
Installed capacities of Spindles during 2018-19

9,000_{mtpa}
Capacity of Fabric manufacturing facility

7,000_{mtpa}
Annual production of Fabric during 2018-19

63
Knitted Fabric Machines

80%
Capacity utilization of Fabric manufacturing facility during 2018-19

2,936
Rotors during 2018-19



AWARDS AND CERTIFICATIONS

Awards:



Texprocil Silver Plaque

for second highest exports of grey fabrics in 2017-18

Certifications:



Cotton Certifications:



A CULTURE OF RESPONSIBILITY

Our commitment to leading CSR practices is deeply embedded within our overall corporate strategy and we recognize it as a key driver of our business success. We believe that our goals will be achieved by Caring for our People, Conserving the Environment and Creating Stronger Communities through our labour practices, sustainability programs and social initiatives.

During the year under review, we placed focus on empowerment of women and conservation of water. In addition, we also undertook various other initiatives for improvement of the standard of living in the community we operate. Our sustainable initiatives include:



Construction of women Hostel



Construction of check dam for conservation of water



Contribution for Cotton Development activities



Contribution for Rajasthan Textile Heritage Event

MANAGEMENT TEAM



Shri Dinesh Nolkha
Managing Director

Shri R.L. Nolkha
Chairman

Shri Nitin Nolkha
Executive Director

BOARD OF DIRECTORS



Shri R.L. Nolkha
Chairman



Shri Y. R. Shah
Independent Director



Shri Dinesh Nolkha
Managing Director



Smt. Aditi Mehta
Independent Director



Shri Nitin Nolkha
Executive Director



Dr. R. Chattopadhyay
Independent Director

CORPORATE INFORMATION

Board of Directors

Shri R. L. Nolkha

Chairman

Shri Y. R. Shah

Independent Director

Shri Dinesh Nolkha

Managing Director

Smt. Aditi Mehta

Independent Director

Shri Nitin Nolkha

Executive Director

Dr. R. Chattopadhyay

Independent Director

Key Executives

Shri Sandeep Garg

President (Operations)

Shri P. Maheshwari

Chief Financial Officer

Shri S.S. Basu

Sr.Vice President (Processing)

Shri Umesh Toshniwal

Vice President (Mktg.)

Shri K.L. Pareek

Vice President (HR)

Shri Anil Jain

Vice President (Commercial)

Shri D.K. Dasgupta

Vice President (Weaving)

Company Secretary & GM (Legal)

Shri Sudhir Garg

Bankers

Punjab National Bank
Oriental Bank of Commerce
State Bank of India
Bank of Baroda
Union Bank of India

Auditors

M/s. Kalani & co.

Chartered Accountants

Secretarial Auditors**M/s V.M. Associates**

Company Secretaries

Cost Auditors**Vivek Ladha & Associates**

Cost Accountants

Registered Office

16-17 Km. Stone, Chittor Road,
Hamirgarh, Bhilwara - 311 025
(Rajasthan)
CIN - L17111RJ1992PL C006987
Telephone - 01482 - 286110 - 113
Fax - 01482-286117
E-Mail - nsl@nitinspinners.com
Website - www.nitinspinners.com

Works

1. 16-17 km Stone,
Chittor Road ,Hamirgarh
Distt Bhilwara- 311025 (Rajasthan)
2. CHITTOR - KOTA N.H. 27
Village Bhanwaria Kalan
Tehsil- begun
Distt Chittorgarh- 312023
(Rajasthan)

BOARD'S REPORT

To
The Members

Your Directors have pleasure to present the 27th Annual Report on the business and operations of your Company along with the Audited Financial Statements for the year ended 31st March, 2019

FINANCIAL RESULTS

The Financial Results of the Company's operations for the year under review and those of the previous year are as follows: -

(₹ in Crores)		
Particulars	Current Year 2018-19	Previous Year 2017-18
Revenue From Operations	1242.51	1145.25
Gross Profit Before Finance Cost, Depreciation & Exceptional item	180.84	157.18
Finance Cost	28.90	29.55
Profit before Depreciation, Exceptional items and Tax	151.94	127.63
Depreciation	54.64	56.19
Exceptional items	-	-
Profit before Taxation	97.30	71.44
Provision for Taxation- Current (Net of MAT Credit)	36.41	15.98
-Earlier Year	(1.50)	(5.14)
-Deferred Tax	(1.72)	8.21
Profit after Tax	64.11	52.39
Other Comprehensive Income net of Income Tax	1.67	(1.28)
Total Comprehensive Income for the period	65.78	51.11

OPERATIONAL REVIEW

REVENUE FROM OPERATIONS

The revenue from operations during the year under review is at ₹ 1242.51 Crores against ₹ 1145.25 Crores in the previous year, registering an increase of 8.49%. The revenue of Cotton Yarn increased by 11.78% from ₹ 880.50 Crores to ₹ 984.19 Crores. The revenue from Cotton Yarn constitutes 79.21% of the total Sales against 76.88% during the previous year, whereas revenue of Knitted Fabric remains stable at ₹ 178.06 Crores. Knitted Fabric revenue constitutes 14.33% of the total revenue from operations. In quantity terms Company produced 49216.22 M. Tons of Cotton Yarn and 6966.46 M.Tons of Knitted Fabric during the year under review.

EXPORTS

Exports of the Company increased substantially by 14.51% from ₹ 737.12 Crores in the previous year to ₹ 844.06 Crores in the current year. Exports constitute 67.93% of the total revenue.

PROFITABILITY

The operating profit (EBIDTA) of the Company has increased from ₹ 157.18 Crores in the previous year to ₹ 180.84 Crores in the current year registering an increase of 15.05%. In percentage to revenue from operations, the operating profit

(EBITDA) increased from 13.72% in previous year to 14.55% in current year.

The Cash Profit (PBDT) for the current year was ₹ 151.94 Crores against ₹ 127.63 Crores in the previous year registering significant increase of 19.05%. Finally, there was remarkable increase of 28.70% in the total comprehensive income after tax of the Company as it has increased to ₹ 65.78 Crores for the current year as against ₹ 51.11 crores during last year. The Company has reported Earnings per Share of ₹ 11.43 during the current year against ₹ 10.56 in the previous year.

TRANSFER TO GENERAL RESERVE

Your Directors has proposed to appropriate a sum of ₹ 10.00 Crores to General Reserves out of total comprehensive income of ₹ 65.78 Crores.

DIVIDEND

Your Directors are pleased to recommend Dividend of 12.50% i.e. ₹ 1.25 per Equity Share on the fully paid-up Equity Shares of ₹ 10/- each for the financial year 2018-19 subject to approval of shareholders at the ensuing Annual General Meeting. An amount of ₹ 144.45 Lacs shall be paid as dividend distribution tax on the above Dividend recommended. No interim dividend declared during the reporting period.

BOARD'S REPORT (CONTD..)

INSTALLATION OF INTEGRATED TEXTILE UNIT

The Company has undertaken to install Integrated Textile Unit at Bhanwaria Kalan, Tehsil Begun in the District of Chittorgarh, Rajasthan at an estimated project cost of ₹ 675 Crores. The same is progressing as per schedule and Trial production in Spinning & Weaving Units is in process.

RAISING OF FUNDS THROUGH PREFERENTIAL ISSUE

During the year under consideration the Company has raised funds through issue of 6,68,290 Equity Shares of ₹ 10/- each at a premium of ₹ 110.50 each aggregating to ₹ 8.05 Crores to one of the Promoters of the Company on preferential basis inter-alia for repayment of debts, general corporate purposes etc. The paid up share capital of the company has increased from ₹ 5555.17 Lacs to ₹ 5622.00 Lacs after this allotment. This has strengthened long term resources of the company and will help the company in its growth plans. The funds have been utilized for the purpose for which same were raised.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is committed to make a positive contribution to communities where it operates. Pursuant to Section 135 of the Companies Act, 2013, the Company constituted CSR committee and formulated CSR Policy as guiding principle for undertaking CSR activities. The Company's vision on CSR is that the Company being a responsible Corporate Citizen would continue to make a serious endeavor for improvement in quality of life and betterment of society through its CSR related initiatives.

During the current year, the Company has incurred expenditure of ₹ 142.46 Lacs on CSR activities against obligation of ₹ 137.93 Lacs. Accordingly, during the year there is no shortfall on CSR expenditure. The disclosures of CSR activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014 is annexed hereto and form part of this report as **Annexure - I**.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Ratan Lal Nolkha, Director of the Company who retired and being eligible, was re-appointed at the Annual General Meeting of the Company held on 22nd September, 2018.

Shri Nitin Nolkha, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his appointment for consideration of members of the Company at the ensuing Annual General Meeting.

The tenure of appointment of Sh. Y. R Shah, Smt. Aditi Mehta and Sh. R. Chattopadhyay is expiring on 10th September, 2019. Pursuant to recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 10th August, 2019 has approved their re-appointment for second term subject to the approval of shareholders through Special Resolution.

The tenure of appointment of Sh. Dinesh Nolkha, Managing Director is expiring on 30th September, 2019. Pursuant to recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 10th August, 2019 has approved his re-appointment for another term of 3 years from 01.10.2019 to 30.09.2022, subject to the approval of shareholders through Special Resolution.

Necessary resolutions for re-appointment of Directors seeking re-appointment together with details for re-appointment have been included in the Notice convening ensuing Annual General Meeting.

No other changes have been taken place in composition of Board of Directors and Key Managerial Personnel of the Company during the year under review.

All Independent Directors of the Company have confirmed that they meet criteria of independence as per requirement of Section 149(6) of the Companies Act, 2013 and regulation 16(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

All the Directors have confirmed compliance of Code of Conduct for Directors and Senior Management Personnel. A declaration by Managing Director confirming the receipt of this declaration from Directors is enclosed to this Report.

AUDITORS

STATUTORY AUDITORS

M/s Kalani & Co., Chartered Accountants (FRN 000722C) were appointed Statutory Auditors at the 25th Annual General Meeting held on 4th September, 2017 for five years till the conclusion of 30th Annual General Meeting to be held in the calendar year 2022. Accordingly, they have conducted Statutory Audit for the F.Y. 2018-19 and shall continue to be Statutory Auditors for the F.Y. 2019-20.

The audit report on the financial statements for the financial year ended on 31st March, 2019, issued by M/s Kalani & Co., Chartered Accountants, do not contain any qualifications, reservations or adverse remarks. The information referred in Auditor's Report are self explanatory and hence do not require any further clarification. The Audit report is enclosed with the financial statements in the annual report.

BOARD'S REPORT (CONTD..)

SECRETARIAL AUDITORS

The Board of Directors has appointed M/s. V. M. & Associates, Company Secretaries (Firm Registration No. P1984RJ039200), to conduct Secretarial Audit for the F.Y. 2018-19 under the provisions of Section 204 of the Companies Act, 2013. Accordingly, they have conducted Secretarial Audit for the F.Y. 2018-19 and Secretarial Audit Report in Form MR-3 is enclosed herewith. The report does not contain any qualification, reservation or adverse remark.

The Board of Directors has re-appointed M/s. V. M. & Associates, Company Secretaries (Firm Registration No. P1984RJ039200), being eligible, to conduct Secretarial Audit for the Financial Year 2019-20 under the provisions of Section 204 of the Companies Act, 2013.

COST AUDITOR

The Board of Directors has appointed M/s. Vivek Laddha & Associates, Cost Accountants (FRN 103465) to conduct Cost Audit of the Company for the Financial Year 2018-19.

Pursuant to Section 148 of the Companies Act, 2013, your Directors have re-appointed M/s. Vivek Laddha & Associates, Cost Accountants (FRN 103465), being eligible, to conduct Cost Audit of the Company for the Financial Year 2019-2020.

CORPORATE GOVERNANCE

The Company is committed to maintain the high standards of Corporate Governance. Your Directors adhere to the requirements set out in Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and have implemented all the prescribed requirements. In pursuant to regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Reports on Corporate Governance and Management Discussions & Analysis have been incorporated in the Annual Report and forms an integral part of the Board Report.

AWARDS, RECOGNITION & CERTIFICATIONS

Your Company has been conferred with the following awards and recognition during the year under review :-

- 1. Texprocil's Silver Plaque** for second highest exports of Fabric under the category 1 for the Financial Year 2017-18.
- 2. UCCI Excellence Award 2019** by Udaipur Chamber of Commerce & Industry under Large Enterprise Category (Manufacturing).
- 3. Certifications :**

Your Company continued to hold following certifications from British Standards Institution (BSI):-

- (a) Quality Management System - ISO 9001:2015
- (b) Environmental Management System - ISO 14001:2015
- (c) Energy Management System - ISO 50001:2011
- (d) Occupational Health & Safety Management System - OHSAS 18001:2007
- (e) Social Accountability System - SA 8000:2014

HUMAN RESOURCE DEVELOPMENT

Industrial relations continued to be cordial during the period under review. Your Company firmly believes that a dedicated work force constitutes the primary source of sustainable competitive advantage. Accordingly, human resource development received focused attention. The Company has in house skill training centre and imparts on the job training to its manpower on continuous basis.

Your Directors wish to place on record their appreciation for the dedicated services rendered by the work force during the year under review.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A Statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with Section 134(3)(m) read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure - II** and forms integral part of this Report.

NUMBER OF BOARD MEETINGS

The Board of Directors met five times in the year 2018-19. The details of number of Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report forming part of the Board Report.

COMMITTEES

The details of committee of Board have been given in the Corporate Governance Report from integral part of Board Report

COMPOSITION OF AUDIT COMMITTEE

The Board constituted the Audit Committee which comprises of Sh. Y. R. Shah, Chairman, Smt. Aditi Mehta and Dr. R. Chattopadhyay as members. All the recommendations of Audit Committee have been

BOARD'S REPORT (CONTD..)

accepted by the Board. More details on the committee are given in the Corporate Governance Report forming part of the Board Report.

RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis and in the ordinary course of business. The Company has complied with all the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in this regard. There is no materially significant related party transaction with Promoters, Directors or Key Management Personnel and any other related party which may have potential conflict with the interest of the Company at large. During the year, the Company has not entered into any related party transactions under the Section 188 of the Companies Act, 2013 and the particulars of contracts or arrangements with related parties are Nil.

LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any Loan, Guarantee or provided security in connection with a loan nor has made any Investments under the Section 186 of the Companies Act, 2013.

FIXED DEPOSITS

The Company has not accepted or renewed any fixed deposits during the year under review and no fixed deposit is outstanding for payment at the year ended 31st March, 2019.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

In pursuance of Section 177 (9) of the Companies Act, 2013 and the regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has in place a Vigil Mechanism/Whistle Blower Policy for Directors and employees to report genuine concern. More details pertaining to the same are given in the Corporate Governance Report.

NOMINATION, REMUNERATION & EVALUATION POLICY

Pursuant to provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors have approved Nomination, Remuneration & Evaluation Policy for appointment, remuneration & evaluation of the Directors, Key Management Personnel & Senior

Management Personnel. The details of the Nomination and Remuneration committee, Nomination, Remuneration & Evaluation Policy and Annual Evaluation carried out by the Directors are given in the Corporate Governance Report.

PARTICULARS OF EMPLOYEES & ANALYSIS OF REMUNERATION

Particulars of employees and analysis of remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as **Annexure - III**

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 as required under section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration Rules), 2014 is enclosed as **Annexure - IV**

OTHER DISCLOSURES

Details about risk management have been given in the Management Discussions & Analysis.

There is no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year and the date of the report.

The Company does not have any subsidiary, joint venture & associate company.

No significant and material order has been passed during the year by the regulators or courts or tribunals which can impact the going concern status and Company's operations in future.

The Company is having adequate Internal Financial Control with reference to the Financial Statements.

The Internal complaints committee constituted under the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has informed that during the year, the Company has not received any complaint under the Act and no complaint was pending at the beginning of the year. Accordingly, no complaint was pending at the end of year under review.

The certain disclosures are common under Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same are disclosed in the Corporate Governance Report forming part of this Report.

BOARD'S REPORT (CONTD..)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section 3 (c) of Section 134 of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures have been given;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities,
- (iv) they have prepared the Annual Accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal

financial controls are adequate and were operating effectively; and

- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

Directors wish to express their grateful appreciation for assistance and co-operation received from various Departments of Central & State Governments and Banks during the year under review. Your Directors also wish to place on record their appreciation for the committed services of all the associates and vendors of the Company.

For and on Behalf of the Board of Directors

R. L. NOLKHA

Chairman
(DIN - 00060746)

Place : Bhanwaria Kalan
Date : 10th August, 2019

ANNEXURE - I

CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
The CSR Policy of the Company reflects the Company's philosophy on its social commitment and mission which is designed to portray its obligation to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates. The Policy applies to all CSR initiatives and activities taken up at the various work centers and locations of the Company, for the benefit of various segments of the society, with the emphasis on the under privileged. Each CSR activity/project of the Company is undertaken/executed either directly by the Company or channelized through implementing agencies. In compliance with the provisions of the Companies Act, 2013, the Company has framed a CSR Policy and the same has been placed at the website of the Company under the link <http://nitinspinners.com/wp-content/uploads/2018/06/CSR-Policy.pdf>
2. The Composition of the CSR Committee.
 1. Shri R. L. Nolkha, Chairman
 2. Shri Dinesh Nolkha, Managing Director
 3. Shri Y. R. Shah, Independent Director
 4. Smt. Aditi Mehta, Independent Director
3. Average net profit of the company for last three financial years (Amount in Lacs) ₹ 6896.44
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in Lacs) ₹ 137.93
5. Details of CSR spent during the financial year.
 - (1) Total amount to be spent for the F.Y. (Amount in Lacs) ₹ 137.93
 - (2) Amount unspent , if any; Nil
 - (3) Manner in which the amount spent during the financial year: Specified as under

(Amt. in ₹)

S. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1.	Medical Aid to Animals	Animal welfare	Local Area Bhilwara (Rajasthan)	31,000	31,000	31,000	Implementing Agency - People for Animals
2.	Mukhyamantri Jal Swavlamban Abhiyan	Conservation of Natural Resources	Local Area Bhilwara (Rajasthan)	11,000	11,000	11,000	Implementing Agency-State Government
3.	Contribution to Shri Ganesh Utsav Prabandh and Seva Samiti For Shivir for Health Check up	Health Care	Local Area Bhilwara (Rajasthan)	51,000	51,000	51,000	Implementing Agency - Shri Ganesh Utsav Prabandh and Seva Samiti

ANNEXURE - I

CSR ACTIVITIES (Contd..)

(Amt. in ₹)

S. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
4.	Contribution to CITI - CDRA for Cotton Development and Research Purpose	Rural Development	Local Area Bhilwara (Rajasthan)	1, 50,000	1, 50,000	1, 50,000	Implementing Agency- CITI - CDRA
5.	Construction of Woman Hostel	Empowering Women	Local Area Bhilwara (Rajasthan)	3, 60,00,000	93, 91,819 (Direct Expenditure)	3, 52,16,154	Direct
6.	Contribution to Rajasthan Textile heritage week event	Promotion and Development of Traditional Arts and Handicrafts	Jaipur (Rajasthan)	25, 00,000	25, 00,000	25, 00,000	Implementing Agency- Prasad Bidapa Associates
7.	Contribution to Chittor Mahotsav	Promotion and Development of Traditional Arts and Handicrafts	Chittor (Rajasthan)	2,00,000	2,00,000	2,00,000	Implementing Agency- District Collector Chittorgarh
8.	Construction of Anicut	Conservation of Natural Resources	Bassi Chittorgarh (Rajasthan)	19,25,000	19,11,364	19,11,364	Implementing Agency- District Forest Officer, Begun
Total				4,08,68,000	1,42,46,183	4,00,70,518	

The Company has spent ₹ 142.46 Lacs against obligation of ₹ 137.93 Lacs during the year 2018-19. Hence, there is No shortfall in spending of CSR expenditure;

We hereby confirm that implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company

Dinesh Nolkha

Managing Director

(DIN - 00054658)

Date : 10th August, 2019

Place : Bhanwaria Kalan

R. L. Nolkha

Chairman of CSR Committee

(DIN - 00060746)

ANNEXURE-II

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Rule 8 (3) of the Companies (Accounts) Rules, 2014 under Section 134 (3) of the Companies Act, 2013 and forming part of Board's Report for the year ended 31st March, 2019.

A. Conservation of Energy

- (i) The steps taken or impact on conservation of energy - The Company gives high priority for conservation of energy in all fields. The Company has taken following measures for energy saving :
- Installation of Inverter on SA Fan and RA Fan of Carding & Preparatory Humidification Plant.
 - Replacement of Spindles and Bobbins of Ring Frames Machines from higher to lower weight.
 - Reduction in the leakage of compressed air and air pressure during machine cleaning.
 - Converted DC System to AC System in Motors & Invertors on two Machines of Trumac.
- (ii) Steps taken by the Company for utilizing alternate sources of energy -
- As renewable/green energy initiatives, the Company has installed additional 3.00 MW Roof Top Solar

Power Plant for captive consumption of Solar Power at Begun Unit in addition to existing plant of 3.60 MW, thus taking the aggregate capacity to 6.60 MW.

- (iii) Capital Investments on energy conservation equipments

Estimated expenditure on energy conservation equipments is ₹ 79.34 lacs. The Solar power plant was installed on power purchase model and therefore the Company has not made any Capital Investment on the same.

B Technology Absorption

- (1) The efforts made towards technology absorption :-

The technology is being used for development of new products and for improvement in the production process and quality of products.

- (2) Benefits derived like product improvement, cost reduction, product development or import substitute:-

The Company has been continuously improving the quality of its existing products at reduced cost and developed new products from time to time.

- (3) No technology has been imported during the last three years.

(4) Expenditure incurred on Research and Development during the year is as follows :

(₹ in Lacs)

Particulars	Current Year	Previous Year
(a) Capital	0.00	0.00
(b) Recurring	184.77	178.02
Total (a+b)	184.77	178.02
% to total turnover	0.15%	0.16%

Foreign Exchange Earnings and Outgo

(₹ in Lacs)

Particulars	Current Year	Previous Year
(a) Earnings	82236.46	71408.34
(b) Outgo		
-Capital Goods	12978.12	-
-Recurring :-		
-Components, Spares Parts including Packing Material	1187.03	910.58
-Raw Materials	13811.51	7178.75
-Sales Commission, Overseas Freight & Others	1014.54	664.27
-Travelling	7.50	5.33

For and on Behalf of the Board of Directors

R. L. Nolkha

Chairman

(DIN - 00060746)

Date : 10th August, 2019

Place : Bhanwaria Kalan

ANNEXURE - III

Statement of Particulars of Employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of top ten employees in terms of remuneration drawn :-

Name of Employee	Designation	Remuneration (₹ Lacs)	Qualifications	Experience Years	Commencement of employment	Whether Permanent/ Contractual	Age Years	Last Employment
Sh. R.L. Nolkha	Chairman	132.62	FCA, FCS, FCMA	49	06.09.1997	Contractual	73	Managing Director BSL Ltd.
Sh. Dinesh Nolkha	Managing Director	123.23	FCA, FCMA	25	01.01.1996	Contractual	48	-
Sh. Nitin Nolkha	Executive Director	115.22	B.Com., MBA	20	01.10.1998	Contractual	43	-
Sh. Sandeep Garg	President (Operations)	35.40	B. Tech	28	01.04.2007	Permanent	48	ST Cotex
Sh. P. Maheshwari	Chief Financial Officer	29.04	B.Com, FCA	35	01.08.2006	Permanent	57	BSL Ltd.
Sh. Debasis Kumar Das Gupta	Vice President (Weaving)	28.33	M. Tech. (Tex.)	34	17.04.2018	Permanent	59	Nahar Ind.
Sh. Umesh Toshniwal	Vice President (Mktg.)	27.97	B.Com	26	01.04.1993	Permanent	47	-
Sh. Anil Kumar Jain	Vice President (Commercial)	25.35	B.Sc, ICWA, CS	30	03.03.2018	Permanent	53	Sutlej Textiles
Sh. Vivek Tripathi	General Manager (SQC)	21.52	M. Tech. (Tex.)	20	09.01.2010	Permanent	44	Nahar Fibres
Sh. Ratnesh Kumar	General Manager (Rotor Spinning)	21.46	B. Tech. (Tex.)	28	29.04.2008	Permanent	48	CLC Group

Sh. R.L. Nolkha, Sh. Dinesh Nolkha and Sh. Nitin Nolkha are related to each other and none of the other employees are related to any Director or manager of the Company.

Notes:

- None of the employees of the Company are covered under Rule 5 (2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as none of the employee is in receipt of remuneration in excess of remuneration drawn by Managing Director & Whole Time Directors and holding more than 2% of the paid-up capital of the Company.
- Except above, none of the person was employed for the full year and was in receipt of remuneration of ₹ 1,02,00,000 or more and employed for part of the year and was in receipt of remuneration aggregating to ₹ 8,50,000/- or more per month.

Analysis of Managerial Remuneration

In pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the statistical analysis of the remuneration paid to Directors and Key Managerial Personnel (KMP) as against other employees of the company and with respect to the performance of the company (PAT) is given below:-

- The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2018-19 :-

Name of Directors	Ratio
Sh. R.L. Nolkha, Chairman	69:1
Sh. Dinesh Nolkha, Managing Director	64:1
Sh. Nitin Nolkha, Executive Director	60:1
Sh. Y. R. Shah, Non Executive Independent Director	0.78:1
Smt. Aditi Mehta, Non Executive Independent Director	0.73:1
Dr. R. Chattopadhyay, Non Executive Independent Director	0.84:1

Non Executive Independent Directors are being paid Sitting Fee.

ANNEXURE - III

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2018-19;

Name of Directors & KMP	% increase/(Decrease) in remuneration
Sh. R.L. Nolkha, Chairman	22.85
Sh. Dinesh Nolkha, Managing Director	23.84
Sh. Nitin Nolkha, Executive Director	24.87
Sh. Y. R. Shah, Non Executive Independent Director	33.33
Smt. Aditi Mehta, Non Executive Independent Director	24.44
Dr. R. Chattopadhyay, Non Executive Independent Director	20.75
Sh. P. Maheshwari, Chief Financial Officer	18.91
Sh. Sudhir Garg, Company Secretary & GM (Legal)	22.76

3. The percentage increase in the median remuneration of employees in the financial year 2018-19 :- 20.19
4. The number of permanent employees on the rolls of company:- 3130
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :-

Average % increase in the salary of employees other than Managerial Personnel: - 13.83%

Average % increase in the Salary of the Managerial Personnel :- 23.83%

(The variable component of Salary i.e. Commission of Executive Directors increased due to increase in profit of the Company and resulted into higher percent increase in salary of Managerial Personnel in comparison to other employees)

6. We hereby confirm that the remuneration paid to Directors and employees are as per the remuneration policy of the company

For and on Behalf of the Board of Directors

R. L. Nolkha

Chairman

(DIN - 00060746)

Date : 10th August, 2019

Place : Bhanwaria Kalan

ANNEXURE - IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

[Pursuant of Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rule, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L17111RJ1992PLC006987
ii)	Registration Date	15.10.1992
iii)	Name of the Company	NITIN SPINNERS LIMITED
iv)	Category / Sub-Category of the Company	COMPANY LIMITED BY SHARES/INDIAN NON GOVERNMENT COMPANY
v)	Address of the Registered office and Contact details	16-17 KM. STONE, CHITTOR ROAD, HAMIRGARH, BHILWARA - 311025 RAJASTHAN PHONE NO. 01482-286110 TO 113 E-Mail: nsl@nitinspinners.com
vi)	Whether listed company	YES
vii)	Name, Address and Contract detail of Registrar and Transfer Agent, if any	Bigshare Services Pvt Ltd, 1st Floor, Bharat Tin Works Building, opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai - 400059 Phone No. 022-62638200 Fax 022-62638299

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and description of main products / services	NIC Code of the Product/ service	% of total turnover of the company
1	COTTON YARN	2601	79.21
2	COTTON KNITTED FABRIC	2351	14.33

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Nil	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of the Shareholders	No. of Share held at the beginning of the year				No. of Share held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	13040510	0	13040510	23.48	13652000	0	13652000	24.29	0.81
b) Central Govt.									
c) State Govt(s)									
d) Bodies Corp.	16755000	0	16755000	30.16	17728000	0	17728000	31.53	1.37
e) Banks / FI									
f) Any Other									
Sub-total (A)(1) :-	29795510	0	29795510	53.64	31380000	0	31380000	55.82	2.18

ANNEXURE - IV

Form No. MGT-9 (Contd..)

Category of the Shareholders	No. of Share held at the beginning of the year				No. of Share held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individual									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A)(2) :-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	29795510	0	29795510	53.64	31380000	0	31380000	55.82	2.18
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	7373669	0	7373669	13.27	8916056	0	8916056	15.86	2.59
b) Banks / FI	111396	0	111396	0.20	21651	0	21651	0.04	-0.16
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	207994	0	207994	0.37	23000	0	23000	0.04	-0.33
h) Foreign Venture Capital Funds									
i) Other - Foreign Portfolio Investor	94498	0	94498	0.17	0	0	0	0.00	-0.17
Sub-total (B)(1) :-	7787557	0	7787557	14.01	8960707	0	8960707	15.94	1.93
(2) Non-Institution									
a) Bodies Corp.									
i) Indian	2003165	0	2003165	3.61	992150	0	992150	1.76	-1.85
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal capital upto ₹1 Lacs	10426473	630	10427103	18.77	9593814	630	9594444	17.06	-1.71
ii) Individual shareholders holding nominal capital in excess of ₹1 Lacs	4190868	0	4190868	7.54	4080503	0	4080503	7.26	-0.28
c) Others (specify)									
i) Clearing Members	224582	0	224582	0.40	132932	0	132932	0.24	-0.16
ii) NRI	1113225	2450	1115675	2.01	1070814	2450	1073264	1.91	-0.10
iii) Trust	4500	0	4500	0.01	4000	0	4000	0.01	0.00
iv) NBFC registered with RBI	2750	0	2750	0.01	2000	0	2000	0.00	-0.01
Sub-total (B)(2) :-	17965563	3080	17968643	32.35	15876213	3080	15879293	28.24	-4.11
Total Public Shareholding (B)=(B)(1)+(B)(2)	25753120	3080	25756200	46.36	24836920	3080	24840000	44.18	-2.18
C. Shares held by Custodian for GDRs& ADRs									
Grand Total (A+B+C)	55548630	3080	55551710	100.00	56216920	3080	56220000	100.00	0.00

ANNEXURE - IV

Form No. MGT-9 (Contd..)

ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged / Encumbered to total shares	
1	RATAN LAL NOLKHA	5716000	10.29	Nil	6120000	10.89	Nil	0.60
2	SUSHILA DEVI NOLKHA	1650000	2.97	Nil	1650000	2.94	Nil	-0.03
3	RATAN LAL NOLKHA HUF	1475000	2.65	Nil	1630000	2.90	Nil	0.25
4	DINESH NOLKHA	1153000	2.08	Nil	1153000	2.05	Nil	-0.03
5	KRISHNA NOLKHA	265000	0.48	Nil	265000	0.47	Nil	-0.01
6	PRATYUSH NOLKHA	253510	0.46	Nil	254000	0.45	Nil	-0.01
7	DINESH NOLKHA HUF	355000	0.64	Nil	355000	0.63	Nil	-0.01
8	NITIN NOLAKHA	1793000	3.23	Nil	1845000	3.28	Nil	0.05
9	RANJEETA NOLKHA	180000	0.32	Nil	180000	0.32	Nil	0.00
10	NITIN NOLAKHA HUF	200000	0.36	Nil	200000	0.36	Nil	0.00
11	REDIAL TRADING & INVESTMENT PVT LTD	16755000	30.16	Nil	17728000	31.53	Nil	1.37
Total		29795510	53.64	Nil	31380000	55.82	Nil	2.18

iii) Change in Promoter's Shareholding :

SI No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the company				No. of Shares	% of total Shares of the Company
1	RATAN LAL NOLKHA	5716000	10.29	01.04.2018			5716000	10.29
				04.10.2018	4000	Transfer	5720000	10.17
				16.11.2018	400000	Transfer	6120000	10.89
2	SUSHILA DEVI NOLKHA	1650000	2.97	31.03.2019			6120000	10.89
				01.04.2018			6120000	10.89
				31.03.2019			6120000	10.89
3	RATAN LAL NOLKHA HUF	1475000	2.65	01.04.2018			1650000	2.94
				22.06.2018	5000	Transfer	1650000	2.94
				23.11.2018	150000	Transfer	1475000	2.65
4	DINESH NOLKHA	1153000	2.08	31.03.2019			1480000	2.63
				01.04.2018			1630000	2.90
				31.03.2019			1630000	2.90
5	KRISHNA NOLKHA	265000	0.48	01.04.2018			1153000	2.08
				31.03.2019			1153000	2.05
				01.04.2018			1153000	2.05
6	PRATYUSH NOLKHA	253510	0.46	01.04.2018			265000	0.48
				27.07.2018	490	Transfer	265000	0.47
				31.03.2019			253510	0.46
7	DINESH NOLKHA HUF	355000	0.64	01.04.2018			254000	0.45
				31.03.2019			254000	0.45
				01.04.2018			355000	0.64
8	NITIN NOLAKHA	1793000	3.23	01.04.2018			355000	0.63
				12.10.2018	2208	Transfer	355000	0.63
				30.11.2018	49792	Transfer	1793000	3.23
9	RANJEETA NOLKHA	180000	0.32	01.04.2018			1795208	3.19
				31.03.2019			1845000	3.28
				01.04.2018			1845000	3.28
9	RANJEETA NOLKHA	180000	0.32	01.04.2018			180000	0.32
				31.03.2019			180000	0.32
				01.04.2018			180000	0.32

ANNEXURE - IV

Form No. MGT-9 (Contd..)

SI No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the company				No. of Shares	% of total Shares of the Company
10	NITIN NOLAKHA HUF	200000	0.36	01.04.2018			200000	0.36
		200000	0.36	31.03.2019			200000	0.36
11	REDIAL TRADING & INVESTMENT PVT LTD	16755000	30.16	01.04.2018			16755000	30.16
				15.06.2018	668290	Allotment	17423290	30.99
				29.06.2018	6710	Transfer	17430000	31.00
				05.10.2018	15000	Transfer	17445000	31.03
				12.10.2018	14000	Transfer	17459000	31.05
				30.11.2018	269000	Transfer	17728000	31.53
		17728000	31.53	31.03.2019			17728000	31.53

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holder of GDRs and ADRs:

SI No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the company				No. of Shares	% of total Shares of the Company
1	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE SMALL AND MIDCAP FUND	2405213	4.33	01.04.2018			2405213	4.33
				18.05.2018	87000	Transfer	2492213	4.49
				01.06.2018	70000	Transfer	2562213	4.61
				08.06.2018	101800	Transfer	2664013	4.80
				15.06.2018	23000	Transfer	2687013	4.78
				22.06.2018	7200	Transfer	2694213	4.79
				20.07.2018	11000	Transfer	2705213	4.81
				27.07.2018	43500	Transfer	2748713	4.89
				07.09.2018	56300	Transfer	2805013	4.99
				28.09.2018	165000	Transfer	2970013	5.28
				05.10.2018	29987	Transfer	3000000	5.34
				12.10.2018	20000	Transfer	3020000	5.37
				19.10.2018	37000	Transfer	3057000	5.44
				09.11.2018	32300	Transfer	3089300	5.50
				30.11.2018	10700	Transfer	3100000	5.51
				04.01.2019	200000	Transfer	3300000	5.87
				01.02.2019	10000	Transfer	3310000	5.89
				08.02.2019	54000	Transfer	3364000	5.98
				15.02.2019	10100	Transfer	3374100	6.00
				29.03.2019	125000	Transfer	3499100	6.22
		3499100	6.22	31.03.2019			3499100	6.22

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Form No. MGT-9 (Contd..)

Sl No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the company				No. of Shares	% of total Shares of the Company
2	L&T MUTUAL FUND TRUSTEE LIMITED - L&T EMERGING BUSINESSES FUND	2767456	6.04	01.04.2018			2767456	4.98
				02.11.2018	25000	Transfer	2792456	4.97
		2792456	5.03	31.03.2019			2792456	4.97
3	IDFC DYNAMIC EQUITY FUND	1891000	3.40	01.04.2018			1891000	3.40
				18.05.2018	9000	Transfer	1900000	3.42
				22.06.2018	13964	Transfer	1913964	3.40
				29.06.2018	6036	Transfer	1920000	3.42
				06.07.2018	30000	Transfer	1950000	3.47
				31.08.2018	310000	Transfer	2260000	4.02
				26.10.2018	10000	Transfer	2270000	4.04
				02.11.2018	5197	Transfer	2275197	4.05
				07.12.2018	44410	Transfer	2319607	4.13
				14.12.2018	22840	Transfer	2342447	4.17
				28.12.2018	9790	Transfer	2352237	4.18
				04.01.2019	27763	Transfer	2380000	4.23
				25.01.2019	20000	Transfer	2400000	4.27
				01.02.2019	9830	Transfer	2409830	4.29
				08.02.2019	10170	Transfer	2420000	4.30
				29.03.2019	4500	Transfer	2424500	4.31
		2424500	4.31	31.03.2019			2424500	4.31
4	DOLLY KHANNA	587408	1.06	01.04.2018	0	-	587408	1.06
				13.04.2018	-8000	Transfer	579408	1.04
				20.04.2018	-6000	Transfer	573408	1.03
				27.04.2018	-10000	Transfer	563408	1.01
				18.05.2018	-18000	Transfer	545408	0.98
				25.05.2018	-4000	Transfer	541408	0.97
				13.07.2018	-2000	Transfer	539408	0.96
				20.07.2018	-4000	Transfer	535408	0.95
				27.07.2018	-6500	Transfer	528908	0.94
				03.08.2018	-2000	Transfer	526908	0.94
				10.08.2018	-22000	Transfer	504908	0.90
				31.08.2018	-7000	Transfer	497908	0.89
				14.09.2018	-16000	Transfer	481908	0.86
				21.09.2018	-2000	Transfer	479908	0.85
				28.09.2018	-6000	Transfer	473908	0.84
				05.10.2018	-10470	Transfer	463438	0.82
				12.10.2018	-6000	Transfer	457438	0.81
				19.10.2018	-6000	Transfer	451438	0.80
				26.10.2018	-28000	Transfer	423438	0.75
				02.11.2018	-2500	Transfer	420938	0.75
				16.11.2018	11000	Transfer	431938	0.77
				14.12.2018	-2000	Transfer	429938	0.76
				21.12.2018	-2000	Transfer	427938	0.76
				28.12.2018	-2000	Transfer	425938	0.76
				18.01.2019	-1000	Transfer	424938	0.76
				25.01.2019	-7000	Transfer	417938	0.74
				01.02.2019	-2000	Transfer	415938	0.74

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Form No. MGT-9 (Contd..)

SI No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the company				No. of Shares	% of total Shares of the Company
5	AJAY MANGLUNIA	328438	0.58	08.02.2019	-12000	Transfer	403938	0.72
				15.02.2019	-15000	Transfer	388938	0.69
		57824	0.10	22.02.2019	-34000	Transfer	354938	0.63
				01.03.2019	-4000	Transfer	350938	0.62
				08.03.2019	-2000	Transfer	348938	0.62
				15.03.2019	-8000	Transfer	340938	0.61
				22.03.2019	-1500	Transfer	339438	0.60
				29.03.2019	-10000	Transfer	329438	0.59
				30.03.2019	-1000	Transfer	328438	0.58
				31.03.2019			328438	0.58
				01.04.2018			57824	0.10
				11.05.2018	41985	Transfer	99809	0.18
				25.05.2018	91	Transfer	99900	0.18
				08.06.2018	100	Transfer	100000	0.18
				29.06.2018	25000	Transfer	125000	0.22
				01.03.2019	7804	Transfer	132804	0.24
				15.03.2019	47196	Transfer	180000	0.32
				22.03.2019	20000	Transfer	200000	0.36
6	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE EMERGING LEADERS FUND - SERIES 7	200000	0.36	31.03.2019			200000	0.36
		0	0.00	01.04.2018			0	0.00
7	ASHOK DIWAN	200000	0.36	16.11.2018	35000	Transfer	35000	0.06
				23.11.2018	58000	Transfer	93000	0.17
		186224	0.34	14.12.2018	59000	Transfer	152000	0.27
				28.12.2018	48000	Transfer	200000	0.36
				31.03.2019			200000	0.36
				01.04.2018			186224	0.34
				06.04.2018	-10737	Transfer	175487	0.32
				20.04.2018	195	Transfer	175682	0.32
				27.04.2018	1155	Transfer	176837	0.32
				11.05.2018	300	Transfer	177137	0.32
				18.05.2018	4395	Transfer	181532	0.33
				25.05.2018	4299	Transfer	185831	0.33
				01.06.2018	670	Transfer	186501	0.34
				08.06.2018	2025	Transfer	188526	0.34
				22.06.2018	893	Transfer	189419	0.34
				29.06.2018	1002	Transfer	190421	0.34
				06.07.2018	335	Transfer	190756	0.34
				20.07.2018	1065	Transfer	191821	0.34
				27.07.2018	935	Transfer	192756	0.34
				24.08.2018	-5226	Transfer	187530	0.33
				31.08.2018	-1923	Transfer	185607	0.33
				07.09.2018	-2420	Transfer	183187	0.33
				28.09.2018	1003	Transfer	184190	0.33
				05.10.2018	2095	Transfer	186285	0.33
				12.10.2018	2845	Transfer	189130	0.34
				26.10.2018	780	Transfer	189910	0.34

ANNEXURE - IV

Form No. MGT-9 (Contd..)

SI No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the company				No. of Shares	% of total Shares of the Company
				02.11.2018	780	Transfer	190690	0.34
				28.12.2018	-1684	Transfer	189006	0.34
				31.12.2018	-4200	Transfer	184806	0.33
				04.01.2019	-3240	Transfer	181566	0.32
				18.01.2019	470	Transfer	182036	0.32
				01.02.2019	325	Transfer	182361	0.32
				08.02.2019	690	Transfer	183051	0.33
				22.02.2019	2413	Transfer	185464	0.33
				01.03.2019	2760	Transfer	188224	0.33
				22.03.2019	840	Transfer	189064	0.34
				29.03.2019	-8464	Transfer	180600	0.32
		180600	0.32	31.03.2019			180600	0.32
8	P SHOBHA	175670	0.32	01.04.2018			175670	0.32
		175670	0.31	31.03.2019			175670	0.31
9	LAKSHMENDRA KUMAR AGARWAL	0	0.00	01.04.2018			0	0.00
				29.06.2018	5971	Transfer	5971	0.01
				06.07.2018	12963	Transfer	18934	0.03
				13.07.2018	14096	Transfer	33030	0.06
				20.07.2018	34422	Transfer	67452	0.12
				27.07.2018	41493	Transfer	108945	0.19
				05.10.2018	16055	Transfer	125000	0.22
		125000	0.22	31.03.2019			125000	0.22
10	RAVI SHANKAR MARDIA	114652	0.21	01.04.2018	0	-	114652	0.21
				31.08.2018	4000	Transfer	118652	0.21
		118652	0.21	31.03.2019			118652	0.21

v) Shareholding of Directors and Key Managerial Personnel :

SI No.	Shareholder's Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019)	% of total shares of the company				No. of Shares	% of total Shares of the Company
1	P. MAHESHWARI	1000	0.00	01.04.2018			1000	0
				24.05.2018	500	Transfer	1500	0
		1500	0.00	31.03.2019			1500	0
2	SUDHIR GARG	100	0.00	01.04.2018	0	N.A.	100	0
		100	0.00	31.03.2019				

Independent Directors do not hold any Share in the Company and Promoter Directors' Shareholding given at the Point No. (iii) above

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Form No. MGT-9 (Contd..)

V INDEBTNESS

Indebtness of the Company including interest outstanding / accrued but not due for payment

(Amt. in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtness at the beginning of the financial year				
i) Principal Amount	4491713480.00	0.00	0.00	4491713480.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	116285.00	0.00	0.00	116285.00
Total (i+ii+iii)	4491829765.00	0.00	0.00	4491829765.00
Change in Indebtness at the end of the financial year				
1. Addition	4624532643.00	800000000.00	0.00	4704532643.00
2. Reduction	511598840.00	800000000.00	0.00	591598840.00
Net Change	4112933803.00	0.00	0.00	4112933803.00
Indebtness at the end of the financial year				
i) Principal Amount	8604747282.00	0.00	0.00	8604747282.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	8604747282.00	0.00	0.00	8604747282.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Directors, Whole-time Directors and/or Manager:

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Sh. Ratan lal Nolkha, Chairman	Sh. Dinesh Nolkha, MD	Sh. Nitin Nolakha, ED	
1	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4960000.00	4140000.00	3450000.00	12550000.00
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	113037.00	92649.00	64878.00	270564.00
	c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commision				
	- as 0.75% of Profit	7593600.00	7593600.00	7593600.00	22780800.00
	- Others, specify	0.00	0.00	0.00	0.00
5	Contribution to PF	595200.00	496800.00	414000.00	1506000.00
	Total (A)	13261837.00	12323049.00	11522478.00	37107364.00
	Ceiling as per Act				101250900.00

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Form No. MGT-9 (Contd..)

B. Remuneration to other Directors:

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Shri Y. R. Shah	Smt. Aditi Mehta	Dr. R Chattopadhyay	
1	Independent Directors				
	1. Fee for attending Board Committee Meetings	150000.00	140000.00	160000.00	450000.00
	2. Commission	0.00	0.00	0.00	0.00
	3. Others, please specify	0.00	0.00	0.00	0.00
	Total (1)	150000.00	140000.00	160000.00	450000.00
2	Other Non-executive Directors	-	-	-	-
	1. Fee for attending Board Committee Meetings	-	-	-	-
	2. Commission	-	-	-	-
	3. Others, please specify	-	-	-	-
	Total (2)	0.00	0.00	0.00	0.00
	Total B = (1+2)	150000.00	140000.00	160000.00	450000.00
	Total Managerial Remuneration	150000.00	140000.00	160000.00	450000.00
	Ceiling as per the Act	₹ 1 Lacs Per Meeting of Board or Committee thereof			

C. Remuneration To Key Managerial Personnel Other than MD/Manager/WTD:

(Amt. in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1187940.00	1865076.00		3053016.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	598949.00	815253.00		1414202.00
	c) Profit in lieu of salary under section 170(3) Income-tax Act, 1961	0.00	0.00		0.00
2	Stock Option	0.00	0.00		0.00
3	Sweat Equity	0.00	0.00		0.00
4	Commision	0.00	0.00		0.00
	- as % of Profit	0.00	0.00		0.00
	- Others, specify	0.00	0.00		0.00
5	Others- Contribution to PF	142553.00	223809.00		366362.00
	Total (A)	1929442.00	2904138.00		4833580.00
	Ceiling as per Act				N.A.

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Form No. MGT-9 (Contd..)

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penlty / Punishment / Compounding Fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.
B. DIRECTORS					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.	N.A.	Nil	N.A.	N.A.
Punishment	N.A.	N.A.	Nil	N.A.	N.A.
Compounding	N.A.	N.A.	Nil	N.A.	N.A.

For and on Behalf of the Board of Directors

R. L. Nolkha

Chairman

DIN - 00060746

Date : 10th August, 2019

Place : Bhanwaria Kalan

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

Nitin Spinners Limited

16-17 K. M. Stone, Chittor Road, Hamirgarh
Bhilwara - 311 001 (Rajasthan)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Nitin Spinners Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- | | |
|---|---|
| <ul style="list-style-type: none"> (i) The Companies Act, 2013 (the Act) and the rules made thereunder; (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit Period) (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- <ul style="list-style-type: none"> (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; | <ul style="list-style-type: none"> (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (repealed w.e.f. 9th December, 2018) (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 notified on 9th December, 2018; (Not applicable to the Company during the Audit Period) (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period) (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period) (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (repealed w.e.f. 11th September, 2018); (Not applicable to the Company during the Audit Period) (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 notified on 11th September, 2018; (Not applicable to the Company during the Audit Period) (k) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. |
|---|---|

(vi) As confirmed by the management, there are no sector specific laws that are applicable specifically to the company.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;

Form No. MR-3**SECRETARIAL AUDIT REPORT (CONTD..)**

- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

- (a) Duly passed the resolutions under section 180(1) (a) and 180(1)(c) of the Act, read with its applicable rules, as amended for borrowing limits to the extent of ₹ 1,500 Crores (Rupees One Thousand and Five Hundred Crores Only);
- (b) Allotted 6,68,290 Equity Shares of ₹ 10/- each at an issue price of ₹ 120.50 per share to an entity belonging to Promoter group on preferential basis under Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (c) Adopted new set of Regulations of Articles of Association in accordance with provisions of the Act.

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code
P1984RJ039200)

CS Manoj Maheshwari
Partner
FCS 3355
C P No. : 1971

Place: Jaipur
Date: May 25, 2019

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To,
The Members,

Nitin Spinners Limited

16-17 K. M. Stone, Chittor Road, Hamirgarh
Bhilwara - 311001 (Rajasthan).

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **V. M. & Associates**

Company Secretaries
(ICSI Unique Code
P1984RJ039200)

CS Manoj Maheshwari

Partner
FCS 3355
C P No. : 1971

Place: Jaipur
Date: May 25, 2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Nitin Spinners Limited
16-17,K.M.Stone
Chittor Road, Hamirgarh
Bhilwara-311001 (Rajasthan)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Nitin Spinners Limited having CIN:L17111RJ1992PLC006987 and having registered office at 16-17,K.M.Stone, Chittor Road, Hamirgarh, Bhilwara-311001 (Rajasthan) (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr.No	Name of the Director	DIN
1	Mr. Yeshwantlal Ratilal Shah	00019557
2	Mr. Dinesh Nolkha	00054658
3	Mr. Nitin Nolakha	00054707
4	Mr. Ratan Lal Nolkha	00060746
5	Mrs. Aditi Mehta	06917890
6	Mr. Rabisankar Chattopadhyay	06928729

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code P1984RJ039200)

CS Manoj Maheshwari
Partner
FCS 3355
C P No.: 1971

Place: Jaipur
Date: May 25, 2019

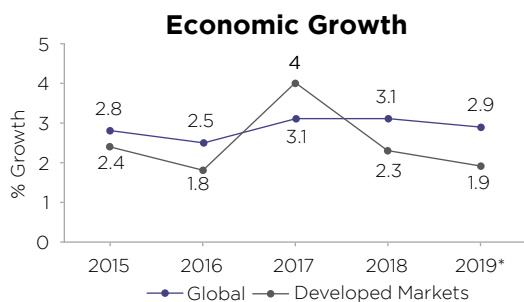
MANAGEMENT DISCUSSION & ANALYSIS

Economic Scenario

Global

The global economic growth is anticipated at 3.1% in 2018 with East Asia and Pacific remaining one of the world's fastest-growing developing regions with a moderating growth of 6% in 2019, on account of broadly stable commodity prices, a moderation in global demand and trade, and a gradual tightening of global financial conditions. In the euro zone, the job market continued to improve with unemployment rate dropping to 7.8%. Further, retail sales accelerated in February demonstrating a growth of 2.8% YoY, reflecting a strong economic recovery. The growth was further driven by accelerating growth in developed economies, a steady performance in East Asia, and recovery from recession in several developing and transition economies. Investment growth on account of new investment in some commodity sectors was also witnessed as global commodity prices partially recovered from the steep losses of 2014-2015.

In the coming fiscal, the global economic growth is anticipated at 2.9% in 2019 owing to, moderation in International trade and manufacturing activity, elevating trade tensions and substantial financial market pressures. Further, slowing external demand, rising borrowing costs, and persistent policy uncertainties which are expected to weigh on the outlook for the emerging market and developing economies. While developed market is anticipated to grow at 1.9% in 2018-19, the rest of the region is expected to grow at 5.2% as strong demand offsets the negative impact of slowing exports. Despite slower global trade growth and tighter external financing conditions, domestic factors, particularly policy reforms, are anticipated to bolster growth in the African region reaching 1.9% in 2019. These economies are required to focus on mobilizing domestic resources, strengthening debt and investment management practices and building more resilient macro-fiscal frameworks. (Source: World Bank)



*Forecasted

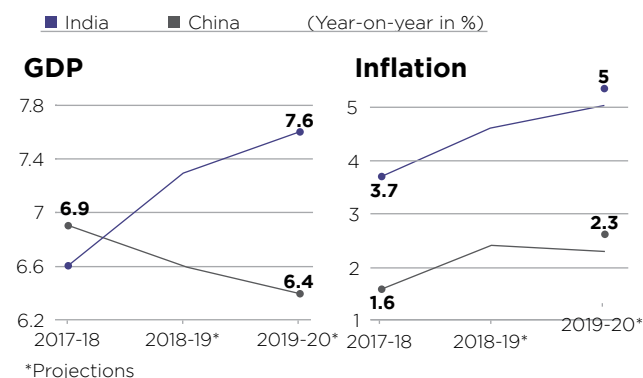
(Source: World Bank)

Indian

The Asian Development Bank has projected India's growth forecast at 7.2% for 2018-19 as against 6.6% in 2017-18 owing

to moderation in global demand. The acceleration in GDP reflects significant recovery of country from transition shocks leading to strengthening investment and robust private consumption. The country's medium-term growth prospects remain strong at 7.75%, aided by ongoing structural reform and a favourable demographic dividend. However, current account deficit worsened to 3% of GDP in 2018-19 before improving to around 2.5% in 2019-20. Further, inflation is projected at 4.7% in 2018-19 as against 3.6% in 2017-18 owing to accelerating demand and rising fuel prices. Core inflation rose to about 6% during the year as a result of a tapering output gap and pass-through effects from higher energy prices and exchange rate depreciation.

Growth of the economy is expected to rebound to 7.6% in 2020 as policy rates are cut and farmers receive income support, bolstering domestic demand. Recent policy measures by the government to improve the investment climate and boost private consumption and investment will also help India to lift economic growth in the next two fiscal years. However, the growth forecast for India has some downside risks such as moderation in global demand as financial conditions tighten, uncertainty arising out of global trade tensions and the weak economic outlook in industrial countries. On the domestic front, growth could suffer if tax revenue falls short or any disruption affects the ongoing resolution of the twin problems of bank and corporate balance sheets. However, India will continue to be one of the fastest growing major economies in 2019-20. (Source: ADB, Economic times)



(Source: Asian Development Bank)

Industry Overview and Outlook

Global Textile and Apparel Industry

The global textiles and apparel trade stood at 764 Billion USD and has grown at CAGR of 3.6% since 2005. Under this, the apparel segment accounted for market share of 58% while fabrics captured a share of 19% in the market. China, during the year, emerged as the largest exporter with 36% market share. India became the second largest exporter with a market share of 5% followed by Bangladesh and Germany.

MANAGEMENT DISCUSSION & ANALYSIS (Contd..)

Outlook

The industry is expected to reach USD 1000 Billion by 2025 growing at CAGR of 3.4%. While, the growth developed countries' market are expected to slow down, the large emerging economies will emerge as the key drivers of the industry growth. Also, China and India, with a large population base, will be the fastest growing markets in the segment.

Indian Textile and Apparel Industry

India is the world's largest producer of textiles after China and the second largest employment generator after agriculture. The textile industry contributes 10% to the manufacturing production of India. The country has abundance of natural resources like cotton, jute and silk which gives favourable demographics for textile industry. It is diversified with hand spun, hand woven textiles at one end of the scale while capital intensive sophisticated mills sector at the other end of the scale. This sector contributes 13% to the export earnings of India.

As an industry the apparel sector significantly contributes to the economy of a country. The apparel industry promotes trade relations between different economies beyond geographical boundaries and helps generate revenues that contribute to the country's GDP. The introduction of technology has considerably changed the global outlook towards apparel manufacturing and a higher importance is laid on advertising, designing and manufacturing of fashion accessories. Consumers these days are more informed and educated about fashion trends due to exposure to use of internet. (Source: Economic Survey, Fibre2Fashion, Wazir analysis)

The domestic textiles and Apparel market is estimated to be USD 100 billion in 2018-19, growing at CAGR of 10% since 2005-06. The apparel demand at US\$74 billion has dominated the domestic market with a share of about

75% in the total textile and apparel market. Moreover, it is the largest exported category capturing a share of 46% in the textile and apparel exports.

Outlook

The Domestic Textiles and Apparel trade is expected to grow at CAGR of 20% and expected to reach USD 220 Billion by 2025. The demand is driven by rise in per-capita income, favourable demographics and a shift to branded product preference. In the present times, apparel manufacturing for domestic consumption is moving towards a huge shift towards scale, evolution of processes and systems, focus on higher compliance and accountability, and an era of responsive supply-chain facilitating faster turnaround.

Cotton Industry

The cotton crop production for 2018-19 (till January 2019) is estimated at 330 lakh bales of 170 kgs each. The crop estimate have been reduced for Telangana by 2.50 lakh bales, Andhra Pradesh by 50,000 bales and Karnataka by 2 lakh bales as the farmers in the Southern Zone have uprooted their cotton plants due to moisture deficiency as a result of which there is no scope for 3rd and 4th pickings. The total cotton supply projected during the months of October 2018 to January 2019 is 198.80 lakh bales, which consists of the arrival of 170.32 lakh bales and imports of 5.48 lakh bales up to 31st January 2019 and the opening stock at the beginning of the season estimated at 23 lakh bales. However, noticeable cracks have developed in land across Saurashtra region due to lack of soil moisture following heat waves in the region. This has made second and third picking of cotton flowers impossible. Farmers have also started uprooting plants and clearing the field for rabi crop sowing. This also poses threat of spike in cotton prices in the near period.

Global and Domestic Textile Export (in \$ billion)

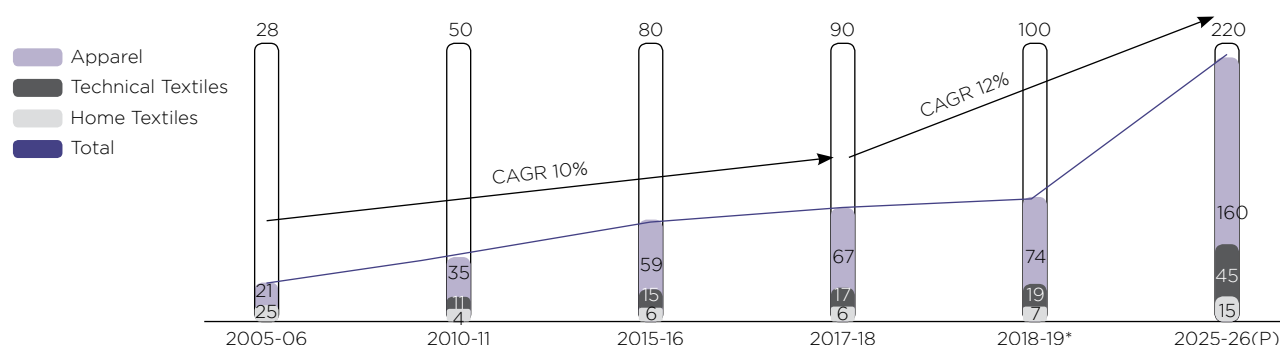


*Estimated

(Source: UN Comtrade & Wazir Analysis)

MANAGEMENT DISCUSSION & ANALYSIS (Contd..)

India's Domestic Textile and Apparel Market Size (US\$ billion)



* Estimated

(Source: Ministry of Textiles & Wazir Analysis)

Opportunity in the sector

- The rich availability of raw materials, skilled manpower and relatively lower cost of production such as cotton, wool, silk, jute provides India an edge over the other countries.
- Substantial investments by the Government in implementation of schemes such as SITP (Scheme for Integrated Textile Parks) and Technology Upgradation Fund (TUF) provides a boost to the industry.
- Investment promotion scheme by State Government which provides Interest and Power subsidy
- The current FDI policy allows 100% foreign direct investment for the textile industry. The government also supports free trade with ASEAN countries such as China, Japan, Republic of Korea, Australia, New Zealand etc.
- The proposed agreement with European Union is expected to bring a hike in the exports.
- The rapid growth of Indian E-commerce companies provides ample opportunities to Indian Textile Industry.
- The textile ministry of India has allocated ₹ 690 crore for setting up 21 readymade garment manufacturing units in seven states for upgradation of Indian textile sector.

Challenges faced by the sector

- Indian textile industry grapples with domestic issues such as outdated technology, inflexible labour laws, infrastructure bottlenecks, and a fragmented nature of the industry.
- Volatility in Cotton Prices have significantly impacted the exports of cotton and cotton yarn, pressurising the margins of the spinning companies.
- Competition from other low cost neighbouring countries such as Bangladesh, Vietnam, Indonesia and Pakistan is the biggest threats to Indian textile industry.

(Source: IBEF, Review Article by Crimson Publishers, Financial Express, Us Comrade & Hazir)

Company Overview

One of the leading players in the textile industry, Nitin Spinners commenced its operations as commodity yarn player, and has now expanded the operations to value added yarns. The Company manufactures a range of yarns, including open end yarns, multi-fold open end yarns, ring spun combed yarns, multi-fold ring spun yarns, compact yarns, fancy slub yarns, core spun yarns, S and Z twist yarns, dyeable cheese cones and organic cotton yarns and blends. Its product range in knitted fabrics include single jersey, pique structures, inter-lock structures, rib structures and three thread fleece. The Company's products are applicable in manufacturing products, such as apparel and garments, under garments, terry towels, woven fabrics, home furnishings, carpets, denim, industrial textiles and medical textiles among others. Further, looking forward to a promising growth in apparel sector, the company has forayed into finished fabrics segment, thus being equipped to cater to all type of fabric demand of apparel manufacturers.

Core Competencies

- Management team has rich experience in marketing & textile manufacturing.
- Well-defined quality and process management system.
- Favourable location of plants, near to cotton producing belt and major consumption centres & ports.
- Qualified and experienced professionals with rich and proven experience.
- Established systems for process and plant management

MANAGEMENT DISCUSSION & ANALYSIS (Contd..)

Key Financial Ratios & Performance

Particulars	FY 2018-19	FY 2017-18	Explanation in case change 25% or more as compared to Previous Year
Revenue (₹ in Lacs)	124251.05	114524.89	N.A.
EBITDA (₹ in Lacs)	18084.33	15717.39	N.A.
EPS	11.43	10.56	N.A.
Debtor Turnover	10.76	13.00	Higher Credit Cycle
Inventory Turnover	5.70	5.57	N.A.
Interest coverage Ratio	6.26	5.32	N.A.
Current ratio	1.43	1.97	Surplus Funds Deployed in expansion Project
Debt Equity Ratio	1.40	0.87	New Loans for expansion Project
Operating Profit Margin	14.55%	13.72%	N.A.
Net Profit Margin	5.16%	4.57%	N.A.
Return on Net Worth	13.29%	12.57%	

For financial and product wise performance with respect to operational performance, please refer to “Financial Results” and “Operational Review” section in the Board’s Report.

Risk Mitigation

Increase in the prices of raw material could negatively impact the business profitability	The company thoroughly reviews the purchasing policy so as to control the purchase price of the commodity. Further, company also stores raw material to mitigate the impact of rising prices.
Company has global operations which involves dealing in foreign currency. Any fluctuation in the exchange rates could affect company’s profits and revenues.	The company actively manages its currency rates exposures by application of hedging principles.
Textile industry is a huge industry involving large number of players. Inability of the company to face the competition may affect its operations	The company has a team of experienced personnel who effectively and efficiently manages the operations of the business. They understand the market demand and provides products in accordingly. This helps the company increase its customer base and stand strong against the competition.
Implementation of any policy, unfavourable for the business, may impact the operations of the company.	Government have implemented various policies such as SITP, TUFS, Make in India etc. which has provided boost to the industry and company has successfully capitalised on it.
Company has operations in more than 50 countries across the globe. Lack of focus in any of the countries could lead to reduction in market presence in those countries.	32.07% of company’s revenue is derived from the domestic market. Further, company efficiently manages its operations in the international boundaries as well which is reflected in the revenue of ₹ 844.06 Crores earned from the international business.

MANAGEMENT DISCUSSION & ANALYSIS (Contd..)

Environment and Safety

The need for environmentally clean and safe operations is company's key priority. The Company policy requires the conduct of all operations in such a manner so as to ensure the safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible. The Company has also been accredited with OHSAS 18001:2007 (Occupational Health & Safety Management System) certification from British Standards India (BSI).

Human Resource

Employees, for Nitin, are the most valuable assets of the organisation. Driven by strong ethics, quality, integrity and team work, company works towards achievement of its goals and fulfilment of the objectives. Further, company takes various initiatives to improve the competencies and skills of its employees and provide them opportunities to build a career across ranks at Nitin. The company also organises various training and development programs to improve the performance of their employees which, in addition to improving career of the employees, proves beneficial to the company's operations. The Company has also been accredited with SA 8000:2014 (Social Accountability System) certification from British Standards India (BSI). During the year ended 31 March 2019, the company had strength of 3130 employees in the work force.

Internal Control System and their Adequacy

The Company has appropriate systems for Internal Control. The systems are improved and modified continuously

to meet with changes in business conditions, statutory and accounting requirements. The Company has strong Management Information System, which is an integral part of control mechanism. The Audit Committee of Board of Directors reviews the efficiency and effectiveness of internal control systems and suggests the solution to improve and strengthen. The Internal control system was tested during the year and no material weakness in design or operation was observed.

Cautionary Statements

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on Behalf of the Board of Directors

R. L. Nolkha

Chairman

(DIN - 00060746)

Date : 10th August, 2019
Place : Bhanwaria Kalan

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages attainment of high level of transparency, accountability and integrity in all its facets including the conduct of its business, its relationship with its stakeholders, employees, customers, Government and lenders.

2. BOARD OF DIRECTORS

Composition, Category and Attendance at Meetings

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, legal and marketing. The Board comprises of six Directors including one Woman Director and composition of Board of Directors of the Company is in conformity with Regulation

17(1) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as "Listing Regulations") and applicable provisions of the Companies Act, 2013. The Company has 50% Non Executive Directors, it has an Executive Chairman and the numbers of Independent Directors are 50% of the total number of Directors. The Independent Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberation and decisions of the Board.

During the financial year 2018-19, five meetings of the Board of Directors were held on 10.05.2018, 07.08.2018, 31.10.2018, 08.02.2019 and 30.03.2019 and the maximum time gap between any two meetings was not more than one hundred twenty days.

The 26th Annual General Meeting of the Company was held on 22.09.2018.

The Composition of the Board of Directors, attendance at Board & last Annual General Meeting, number of other Directorship, Committee Membership and Chairmanship are as under:-

Name of Directors	Category of Directorship	Board Meetings attended out of 5 Meetings	Attendance at last AGM held on 22.09.2018	Directorship in other Companies	No. of other Committees in which Member or Chairperson	
					Chairman	Member
Sh. Ratan Lal Nolkha	Promoter	5	Yes	4	Nil	Nil
	Executive Director					
Sh. Dinesh Nolkha	Promoter	5	Yes	3	Nil	Nil
	Executive Director					
Sh. Nitin Nolkha	Promoter	5	Yes	2	Nil	Nil
	Executive Director					
Sh. Yeshwant Lal Ratilal Shah	Independent Non-Executive Director	4	Yes	Nil	Nil	Nil
Dr. Rabisankar Chattopadhyay	Independent Non-Executive Director	5	No	Nil	Nil	Nil
Smt. Aditi Mehta	Independent Non-Executive Director	4	No	Nil	Nil	Nil

None of the Directors of the Board serve as Members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per requirements of the Regulation 26(1) of the Listing Regulations. Further, none of the Independent Directors serves as an Independent Director in more than seven listed companies and none of the Independent Director of the Company is Whole Time Director in any other Listed Company. None of the Director is a Director in any listed entity other than Nitin Spinners Ltd.

Independent & Non Executive Directors are not holding any share in the Company and no convertible instrument has been issued by the Company. All the three Executive Promoter Directors are related to each other, Sh. R. L. Nolkha is father of Sh. Dinesh Nolkha & Nitin Nolkha and Sh. Dinesh Nolkha & Nitin Nolkha are brothers. It is hereby confirmed that in the opinion of Board, the Independent Directors fulfill the conditions specified under the "Listing Regulations" and they are independent of Management.

CORPORATE GOVERNANCE REPORT (Contd..)

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with Board :-

Textile Business	Understanding of textile business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions
Strategy and Planning	Appreciation of long-term trends, strategic choice and experience in guiding and leading management team to make decisions in uncertain environments.
Governance	Experience in developing governance practice, serving the best interests of all stakeholders, maintaining board and management accountability, building long term effective stakeholder engagements and driving corporate ethics and values.

Board Meeting Procedure

The Company's Board Meetings are governed by a structured agenda. The Board Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each Director. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board papers, comprising the agenda are circulated well in advance before the meeting of the Board.

All statutory, significant and other material information as specified in Part A of Schedule-II under the regulation 17(8) of the Listing Regulations are regularly made available to the Board, wherever applicable. The Board also reviews periodically the compliances of all applicable laws.

Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory regulatory requirements, major accounting provisions etc. are considered by the Board.

3. AUDIT COMMITTEE

Your Company has an Audit Committee constituted by the Board of Directors which acts as a link between the management, auditors and the Board and oversees the financial reporting process.

Broad terms of reference

The terms of reference of the Audit Committee are aligned with the guidelines set out in the Regulation 18 read with Part C of schedule II of the Listing Regulations and also with the provisions of Section 177 of the Companies Act, 2013. The terms of reference broadly includes approval of annual Internal Audit Plan, review of financial reporting processes, internal control, risk management system, functioning of whistle blower mechanism and governance processes, discussions and approval of quarterly, half yearly and annual financial statements/results, interaction with statutory, secretarial, internal and cost auditors, recommendation for appointment, remuneration and terms of appointment of auditors, monitor related party transactions, uses and application of funds raised through issues etc.

Composition

The Audit Committee was constituted on 15th May, 2001. Presently, it comprises Shri Y.R. Shah, Smt. Aditi Mehta and Dr. R. Chattopadhyay. All the members of the committee are non-executive and independent Directors. Sh. Y.R. Shah, Chairman of the Committee is having requisite financial and accounting expertise and all other members of the committee are finance literate. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 22nd September, 2018. The composition of the Audit committee meets the requirements of section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Meetings and Attendance

The committee met four times during the financial year 2018-19. The dates on which Audit Committee Meetings were held are 10.05.2018, 07.08.2018, 31.10.2018 and 08.02.2019. The number of meetings attended by each committee member during the year was as under:-

Name of Member	No. of Meetings attended
Sh. Y.R. Shah	4
Smt. Aditi Mehta	4
Dr. R. Chattopadhyay	4

The Managing Director, CFO as well as the representatives of the internal & the statutory auditors are permanent invitees to the meeting. The Company Secretary acts as secretary to the audit committee. In terms of regulation 22 of the Listing Regulations no personnel have been denied access to the audit committee.

CORPORATE GOVERNANCE REPORT (Contd..)

4. NOMINATION AND REMUNERATION COMMITTEE:

Brief Description of terms of reference

The Remuneration Committee was constituted on 03.06.2005 and in order to comply with the provisions of Section 178 of the Companies Act, 2013 & Listing Regulations the name of the committee has been changed to "Nomination and Remuneration Committee" w.e.f. 06.05.2014. The terms of reference of the Committee broadly includes following:-

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of the Independent Directors and the Board of Directors and devising a policy on Board diversity;
3. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
4. Decision about extension or continuation of term of Independent Directors on the basis of report of performance evaluation.
5. Recommend to the Board, all remuneration in whatever form, payable to senior management.

Composition

The Committee constitutes Sh. Y. R. Shah, Smt. Aditi Mehta and Dr. R. Chattopadhyay, all the members of the Committee are Non-Executive & Independent Directors. Sh. Y. R. Shah is Chairman of the Committee. The composition of the Nomination and Remuneration Committee meets the requirements of section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. During the financial year 2018-19, two meetings of the Committee were held on 10.05.2018 & 07.08.2018. The number of meetings attended by each committee member during the year was as under:-

Name of Member	No. of Meetings attended
Sh. Y.R. Shah	2
Smt. Aditi Mehta	2
Dr. R. Chattopadhyay	2

Performance Evaluations:-

The Board has formulated "Nomination, Remuneration and Evaluation Policy" and the criteria for performance evaluation broadly includes Leadership & stewardship abilities, contributing to clearly define corporate objectives & plans, Communication of expectations & concerns clearly with subordinates, obtain adequate, relevant & timely information from external sources, review & approval achievement of strategic and operational plans, objectives, budgets, regular monitoring of corporate results against projections, identify, monitor & mitigate significant corporate risks, review management's succession plan, independence & independent views and judgement of independent directors etc. The detailed Policy inter-alia including criteria for performance evaluation is available under web link <http://nitinspinners.com/wp-content/uploads/2018/06/Nomination-Remuneration-Policy.pdf>

The Board of Directors carried out annual performance evaluation of the Board, Committee thereof and Directors as per the criteria laid down in the "Nomination, Remuneration and Evaluation Policy" and found performance satisfactory.

Remuneration of Directors

Payment of Sitting Fees to the Non Executive Directors and Payment of Salary, Commission and Perquisites to the Executive Directors is made in accordance with industry norms and subject to the overall ceilings imposed by the Companies Act, 2013 and other applicable statutes.

The appointment of Chairman, Managing Director and Executive Director is governed by resolution passed by the Board of Directors and shareholders of the Company at the respective meetings. They are paid remuneration as per terms and conditions approved by the Board of Directors and Shareholders on the recommendation of Nomination and Remuneration Committee.

Non-Executive Directors do not draw any remuneration except sitting fee of ₹ 20,000/- for attending every Board Meeting and ₹ 10,000/- for attending every Committee Meeting except for that the CSR Committee Meetings. Total sitting fee of ₹ 4,50,000/- was paid during the financial year 2018-19.

CORPORATE GOVERNANCE REPORT (Contd..)

The details of remuneration paid to Executive Directors during the financial year 2018-19 are as under:-

Details of Remuneration paid to Executive Directors

(₹ in Lacs)

Sl. No.	Name of Directors	Category of Directors	Basic Salary	Contribution to P.F.	Commission	Others	Total
1	Sh. R.L. Nolkha	Promoter & Executive Director	49.60	5.95	75.94	1.13	132.62
2	Sh. Dinesh Nolkha	Promoter & Executive Director	41.40	4.97	75.94	0.93	123.23
3	Sh. Nitin Nolkha	Promoter & Executive Director	34.50	4.14	75.94	0.65	115.22

Performance linked incentive – Commission.

Service contract, notice period, severance fee and stock option to Executive Directors - Nil

Details of Sitting Fee paid to Non-Executive Directors

Sl. No.	Name of Directors	Category of Directors	Sitting Fee (Amt. In ₹)
1	Sh. Y. R. Shah	Independent Non-Executive Director	150000.00
2	Smt. Aditi Mehta	Independent Non-Executive Director	140000.00
3	Dr. R. Chattopadhyay	Independent Non-Executive Director	160000.00

The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee meetings. None of the Non-Executive Directors of the Company is holding any share, stock option and convertible instrument in the Company.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The “Share Transfer & Investors’ Grievance Committee” was constituted on 03.06.2005 and in compliance with the provisions of Section 178 of the Companies Act, 2013 & Listing Regulations the Board has named the committee as “Stake Holders Relationship Committee” w.e.f. 06.05.2014. The committee considers and approves various requests for transfer, transmission, sub-division, consolidation, renewal, exchange, issue of new certificates in replacement of old ones, Dematerialization/Rematerialization of Shares, non-receipt of declared Dividend, Annual Reports and to redress the grievances of the investors as may be received from time to time. The Committee meets as and when required and shares are transferred within 15 days from the date of receipt of valid transfer request. During the financial year 2018-19, two meetings of the Committee were held on 07.08.2018 and 11.02.2019.

The Secretarial Department of the Company and Registrar & Transfer Agent, Bigshare Services Private Ltd., Mumbai attend all the Grievance of the Shareholders and Investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, SCORES etc.

Composition

The composition of “Stake Holders Relationship Committee” is as under:

Sl. No.	Name of Directors	Designation	Nature of Directorship
1	Mr. Y.R. Shah	Chairman	Independent & Non-Executive
2	Mr. Dinesh Nolkha	Member	Promoter & Executive
3	Mr. Nitin Nolkha	Member	Promoter & Executive

Compliance Officer: - Mr. Sudhir Garg, Company Secretary & GM (Legal)

Designated E-mail for Investors’ Grievances - investorrelations@nitinspinners.com

Details of Complaints received and status thereof:-

Five complaints received from Investors during the financial year 2018-19, were resolved to the satisfaction of shareholders and there was no complaint pending at the end of the year.

CORPORATE GOVERNANCE REPORT (Contd..)

6. General Body Meeting:-

(i) Location and Time of General Body Meetings:

The details of location, date and time of Annual General Meetings held during last three years are given as under :-

AGM	Date	Time	Place	Special Resolution(s) passed
24th AGM	24.09.16	3.30 PM	Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025	Re-appointment of Sh. Dinesh Nolkha, Managing Director.
25th AGM	04.09.17	3.30 PM	Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025	1. Increase in Borrowing Power to ₹ 1250 Crores u/s 180(1)(c) of the Companies Act, 2013. 2. Creation of Security on increased Borrowing Power u/s 180(1)(a) of the Companies Act, 2013. 3. Raising of funds through Securities.
26th AGM	22.09.18	3.30 PM	Nitin Spinners Limited 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara -311025	1. Increase in Borrowing Power to ₹ 1500 Crores u/s 180(1)(c) of the Companies Act, 2013 . 2. Creation of Security on increased Borrowing Power u/s 180(1)(a) of the Companies Act, 2013. 3. Re-appointment of Sh. R. L. Nolkha, Executive Chairman. 4. Re-appointment of Sh. Nitin Nolakha, Executive Director. 5. Adoption of New set of Articles of Association 6. Ratification of "Relevant Date" (Preferential Issue of Equity Shares)

During the financial year 2018-19, no resolution has been passed through Postal Ballot. Also, no business is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

7. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 08, 2019, inter-alia, to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non Executive Directors;
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

8. OTHER DISCLOSURES:

Details of Compliances:-

The Company has complied with all the requirements of the Listing Regulations as well as SEBI regulations and guidelines. During the last three years, no penalties/strictures were imposed / passed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets since the listing of the Company's shares.

Related Party Transactions:-

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Ind AS has been made in the notes to the Financial Statements. The Board has approved a policy for related

CORPORATE GOVERNANCE REPORT (Contd..)

party transactions which has been uploaded on the Company's website under the link <http://nitinspinners.com/wp-content/uploads/2018/06/RELATED-PARTY-TRANSACTION-POLICY.pdf>

Code of Conduct:-

The code of conduct for Directors and Senior Management as approved and amended by the Board of Directors from time to time has been placed on the website of the Company under the link <http://nitinspinners.com/wp-content/uploads/2019/04/Code-of-Conduct-for-Directors.pdf>. All Board members and senior management personnel have affirmed compliance with the code of conduct during the year under review. In this regard, certificate of Managing Director is given at the end of this report.

Insider Trading Code:-

The Company has adopted the code of Internal Procedures and Conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, inter alia, to prevent insider trading in the shares of the Company.

Whistle Blower Policy/Vigil Mechanism:-

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud-free work environment and to this end the Committee has laid down a Whistle Blower Policy providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud/misconduct. This policy is applicable to all the directors, employees, vendors and customers of the Company and it is posted on the website of the Company under the link <http://nitinspinners.com/wp-content/uploads/2018/06/VIGIL-MECHANISM.pdf>. It provides for direct access to the Chairperson of audit committee in appropriate or exceptional cases and no employee was denied access to the Audit Committee.

Sexual Harassment of Women

The Company has constituted Internal Complaint Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and committee meet from time to time. The committee has informed that no complaint was pending at the beginning and end of the year and no complaint of sexual harassment of women has been received during the financial year 2018-19.

Familiarization Programme for Independent Directors:-

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction program on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director.

During the year 2018-19, the Directors visited the site of new unit at Chittor - Kota NH-27, Village - Bhanwariya Kalan, Tehsil - Begun, Dist. - Chittorgarh - 312023 (Rajasthan) wherein the erection of machines was going on. They were explained about the new facilities to be created and estimated timeline for the same. The Company has also constructed Girls Hostel under Corporate Social Responsibility and all the Directors visited the same.

Further, the Directors are regularly updated with amendments in the provisions of the Companies Act, 2013, Listing Regulations etc. Besides this Directors are updated on continuous basis in respect of Related Party Transactions, Audit and Auditors.

The details of familiarization programme for Independent Directors is available at the website of the Company under the link <http://nitinspinners.com/wp-content/uploads/2019/04/Familiarization-Programme-201.pdf>

The Company is partly compliant with the Discretionary requirements as provided in the Part -E of Schedule - II under regulation 27(1) of the Listing Regulations. It complies with the following discretionary requirements :-

- (i) Separate post of Chairperson and Chief Executive Officer
- (ii) Modified opinion(s) in Audit Report -To move towards regime of financial statement with unmodified audit opinion.

During the year the Company has raised funds of ₹ 805.29 Lacs through preferential issue of Equity Shares to one of the Promoters of the Company and the proceeds of the issue has been utilized for the purpose for which it was raised.

During the year the Company has paid total fee of ₹ 16.76 Lacs to the Statutory Auditors towards Audit Fee, Legal and other services.

CORPORATE GOVERNANCE REPORT (Contd..)

The details of commodity price risk and commodity hedging activities has been given in Management & Discussions Analysis.

There are no instances where Board has not accepted the recommendation of any Committee of Board of the Company.

The Company do not have any Subsidiary Company

Quarterly financial results are approved by the Board of Directors and submitted to the Stock Exchanges. The Quarterly financial results are published in one prominent English and one/two vernacular language newspaper such as the Business Standard and the Rajasthan Patrika/the Dainik Bhaskar and Nafa Nuksan.

The website of the Company www.nitinspinners.com acts as the primary source of information about the Company which inter-alia displayed the annual/quarterly financial results, official press/news release and Shareholding pattern, of the Company. The same are also displayed on the website of both the Stock Exchanges.

No presentation was made to institutional investors and analysts during the financial year 2018-19.

9. MEANS OF COMMUNICATION

The main channel of communication to shareholders is through Annual Report which inter-alia includes, the Board Report, the Report on Corporate Governance and Audited Financial Results.

10. GENERAL SHAREHOLDER INFORMATION

Shareholder Information:-

A. Date of AGM & Time & Venue	20th September, 2019 at 3.30 PM at the registered office of the Company at 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara - 311025 (Rajasthan)
B. Date of Book Closure	14.09.2019 to 20.09.2019 (Both the days Inclusive)
C. Dividend Payment date	Within 30 days from the date of AGM.
D. Financial Year	April 1, 2019 to March 31, 2020

E. Tentative Financial Calendar for next Year for 2019-20:

Period	Date of Board Meeting
1st Quarter ending June, 19	Last week of July, 19 or first week of August, 19
2nd Quarter ending September, 19	Last week of October, 19 or First week of November, 19
3rd Quarter ending December, 19	Last week of January, 20 or First week of February, 20
Year ending 31st March, 20	April/May 2020
AGM for year ending 31st March, 20	August/September 2020

F. Listing on Stock Exchange & Stock Code :

Name of Stock Exchange	Address	Stock Code
BSE Limited	Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	532698
National Stock Exchange of India Limited	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	NITINSPIN

The applicable listing fee for the Financial Year 2019-20 has already been paid to both the Stock Exchanges

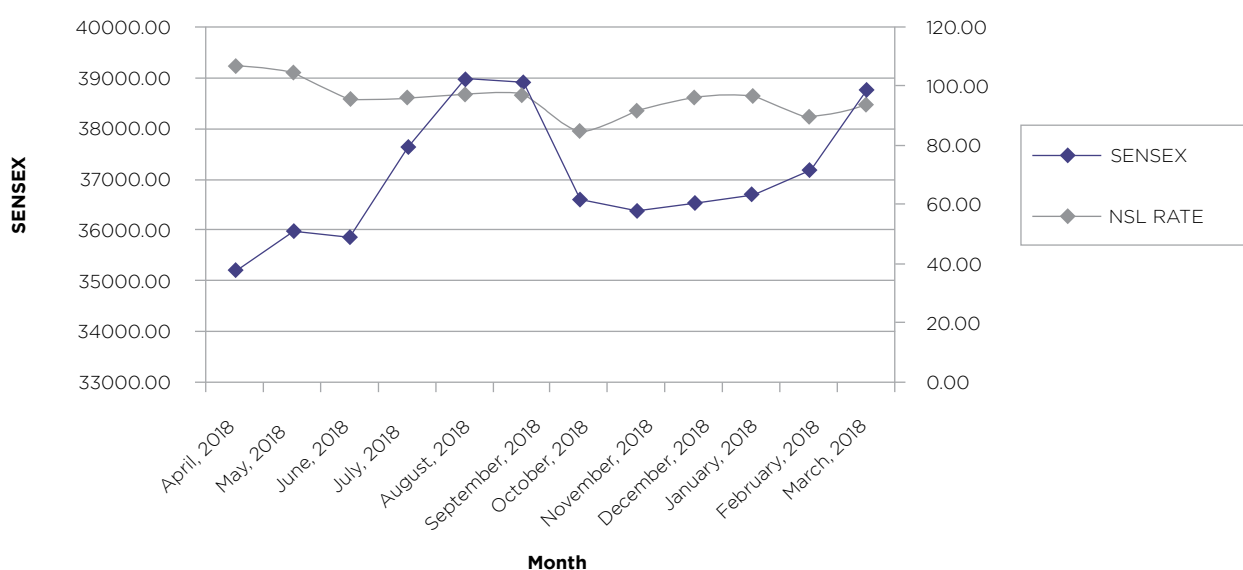
G. Stock Price Data :

Month	BSE		NSE	
	High	Low	High	Low
April, 2018	107.40	98.45	107.50	98.15
May, 2018	104.95	83.60	105.70	83.90
June, 2018	96.05	84.00	95.75	83.00
July, 2018	96.40	76.00	96.00	77.50
August, 2018	97.45	85.25	98.00	92.10
September, 2018	97.50	78.15	97.80	77.95

CORPORATE GOVERNANCE REPORT (Contd..)

Month	BSE		NSE	
	High	Low	High	Low
October, 2018	85.40	68.00	85.50	63.80
November, 2018	92.00	80.00	91.00	79.65
December, 2018	96.50	81.00	99.40	81.00
January, 2019	97.00	82.00	97.25	81.90
February, 2019	90.00	72.50	94.90	72.05
March, 2019	94.00	77.00	94.50	76.50

H. Performance in comparison to Broad based Indices - BSE Sensex :-



I. Dematerialisation of Share and Liquidity:

The equity shares of the Company are compulsorily traded and settled in dematerialised form under ISIN INE229H01012. The details of Shares under dematerialised and physical mode are as under:-

Particulars	31st March, 2019		31st March, 2018	
	No. of Shares	%	No. of Shares	%
No. of Shares Dematerialised				
-NSDL	5,08,00,760	90.36	4,99,09,656	89.84
-CDSL	54,16,160	09.63	56,38,974	10.15
No. of Shares in Physical Mode	3,080	0.01	3,080	0.01
Total	5,62,20,000	100.00	5,55,51,710	100.00

CORPORATE GOVERNANCE REPORT (Contd..)

J. Outstanding GDRs / ADRs / warrants Etc.

Nil

K. Registrar & Share Transfer Agent:-

The Bigshare Services Private Limited is the Registrar and Share Transfer Agent (RTA) of the Company. The Shareholders / Investors are requested to contact for all correspondence / queries at the following address:-

		M/s Bigshare Services Private Limited
Unit	:	Nitin Spinners Limited
Address	:	1st floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road Marol, Andheri East, Mumbai 40059, Maharashtra
Phone No.	:	022-62638200
Fax No.	:	022-62638299
Email	:	investor@bigshareonline.com
Web Site	:	http://www.bigshareonline.com

Share Transfer System

The transfer of shares in physical form is processed and completed by Bigshare Services Private Ltd., Mumbai within a period of 15 days from the date of receipt thereof provided all the documents are in order and after taking necessary approvals from the Company. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing regulations, a practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued.

L. Distribution of Shareholding as on 31st March, 2019:

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to 500	17044	80.0375	2924138	5.2013
501 to 1,000	2059	9.6689	1713313	3.0475
1,001 to 2,000	990	4.6490	1525257	2.7131
2,001 to 3,000	403	1.8925	1033613	1.8385
3,001 to 4,000	171	0.8030	605454	1.0769
4,001 to 5,000	155	0.7279	732678	1.3032
5,001 to 10,000	267	1.2538	1966471	3.4978
10,001 & above	206	0.9674	45719076	81.3217
Total	21295	100.00	56220000	100.00

M. Credit Ratings of the Company

During the year 2018-19, Brickwork Ratings India Pvt. Ltd. has reviewed the ratings of Bank Loan facilities of the Company and following are credit ratings given by them :-

Facilities	Reviewed Credit Rating	Existing Rating
Long term Rating - Term Loan & Working Capital (Fund Based)	BWR A (BWR A) Outlook - Positive	BWR A (BWR A) Outlook - Stable
Short Term Ratings (Non Fund based)	BWR A1 (BWR A One)	BWR A1 (BWR A One)

CORPORATE GOVERNANCE REPORT (Contd..)

N Plant Location & Address for Correspondence

a) Plant Location	1) 16-17 KM Stone, Chittor Road, Hamirgarh, Bhilwara - 311025 (Rajasthan)
	2) (Unit - Begun) Chittor -Kota NH-27, Village - Bhanwaria Kalan, Tehsil-Begun Distt. Chittorgarh (Rajasthan)
b) Address for Correspondence	Nitin Spinners Limited 16-17 Km. Stone, Chittor Road, Hamirgarh, Bhilwara - 311025 Rajasthan Phone : 01482-286110 to 286113 Fax No. : 01482-286117 & 286114 E-Mail : nsl@nitinspinners.com Website - www.nitinspinners.com

For and on Behalf of the Board of Directors

Date : 10th August, 2019
Place : Bhanwaria Kalan

R. L. Nolkha
Chairman
(DIN - 00060746)

COMPLIANCE CERTIFICATE

(Under Regulation 17(8) of the SEBI (Listing Obligations and Development) Regulations, 2015)

- A) We have reviewed financial statements and cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the auditors and the Audit Committee:
- (1) Significant changes in internal control over financial reporting during the year;
 - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

(P. Maheshwari)

Chief Financial Officer
PAN - ABAPM8005C

Place: Hamirgarh, Bhilwara
Date: 25th May, 2019

(Dinesh Nolkha)

Managing Director
DIN - 00054658

Declaration as required under regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

All Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management of Nitin Spinners Limited for the Financial Year ended 31st March, 2019.

Place : Hamirgarh Bhilwara
Date : 25th May, 2019

DINESH NOLKHA
Managing Director
(DIN - 00054658)

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To
The Members of **Nitin Spinners Limited**

We have examined the compliance of conditions of corporate governance by Nitin Spinners Limited, for the year ended 31st March, 2019 as stipulated in Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the condition of corporate governance as stipulated in the

above-mentioned SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Kalani & Company**
Chartered Accountants
(Firm Reg. No. 000722C)

(S. P. Jhanwar)
Partner
M. No. 074414

Place : Bhilwara
Date : 25th May, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of
Nitin Spinners Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial statements of Nitin Spinners Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by Companies Act, 2013 ("the Act") in the manner so required, and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
<p>1. Valuation of Inventories</p> <ul style="list-style-type: none"> The net carrying value of inventory as on 31st March, 2019 is 15.86 % of Total Assets of the company. Sales in the industry can be extremely volatile with consumer demand changing significantly (Seasonal) based on current trends. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value. <p>Hence, we determined the valuation of inventories as a key audit matter.</p> <p>Related Disclosures:</p> <p>Please refer to Note-6 for details of the accounting policies of inventories and Note-6 of Notes to Financial Statements for relevant disclosures of inventories.</p>	<p>Our Audit Procedure:</p> <ul style="list-style-type: none"> We have performed the Inventory physical stock count on sample basis as at 31st March, 2019. We attended inventory counts at location, which is selected based on financial significance and risk and we performed the following procedures at each site: <ul style="list-style-type: none"> (i) Selected a sample of inventory items and compared the quantities we counted to the quantities recorded. (ii) Observed a sample of management's inventory count procedures to assess compliance with Company's policy, and (iii) Made inquiries regarding obsolete inventory items and inspected the condition of items counted. We have also evaluated a selection of controls over inventory existence across the company. Examining the Company's historical trading patterns of inventory sold at full price and inventory sold below full price, together with the related margins achieved for each product lines in order to gain comfort that stock has not been sold below cost.

INDEPENDENT AUDITOR'S REPORT (CONTD..)

Key Audit Matter	How the matter was addressed in our audit
<p>2. Trade Receivables</p> <ul style="list-style-type: none"> The recoverability of trade receivables and the level of provisions for doubtful debts are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business. At 31st March, 2019 the trade receivables balances (net of provisions) consist of 8.41% of the total amount of assets. Accordingly, we determined audit of trade receivables as the key audit matter. <p>Related Disclosures:</p> <p>Please refer to Note-19 of the accounting policies for details of the accounting policies of trade receivable.</p> <p>3. Revenue Recognition</p> <ul style="list-style-type: none"> Revenue is an important measure used to evaluate the performance of the Company. There is a risk that the revenue is presented for amounts higher than what has been actually generated by the Company. Consequently, we considered revenue recognition to be a significant key audit matter. <p>Related Disclosures:</p> <p>Please refer to Note-11 of the accounting policies for details of the accounting policies of revenue recognition and Note-37 of Notes to Financial Statements.</p>	<ul style="list-style-type: none"> Evaluating the rationality of the inventory policies such as the policy of inventory valuation and provision for obsolescence and understanding whether the valuation of inventory was performed in accordance with the Company's policy. Analyzing the inventory aging report and net realizable value of inventories. Inspecting the post period sales situation and evaluating the net realizable value of measurement applied on aging inventory in order to verify the evaluation accuracy of the estimated inventory allowance by the Company and Assessing whether the disclosures of provision for inventory valuation are appropriate. <p>Our Audit Procedure:</p> <ul style="list-style-type: none"> Assessed the design and implementation of key controls around the monitoring of recoverability. Discussed with the management regarding the level and ageing of trade receivables, along with the consistency and appropriateness of receivables provisioning by assessing recoverability with reference to amount received in respect of trade receivables. In addition, we have considered the company's previous experience of bad debt exposure and the individual counter-party credit risk. Tested these balances on a sample basis through agreement to post period end invoicing and cash receipt. The accuracy and completeness was verified through, analytical reviews and balance confirmation. Analyzing the aging schedule of trade receivable, past collection records, industry boom and concentration of customers' credit risk. <p>Our Audit Procedure:</p> <ul style="list-style-type: none"> Assessing the design, implementation existence and operating effectiveness of internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions. Inspecting underlying documentation for any book entries which were considered to be material on a sample basis. Inspecting the key terms and conditions of agreements with major customers on a sample basis to assess if there were any terms and conditions that may have affected the accounting treatment of the revenue recognition. The accuracy and completeness of revenue was verified through, cut-off test, analytical reviews and balance confirmation.

INDEPENDENT AUDITOR'S REPORT (CONTD..)

Key Audit Matter	How the matter was addressed in our audit
<p>4. Capital Expenditure</p> <p>We focused on capital expenditure incurred during the year as this represents significant transaction for the year and involves certain judgmental areas, such as capitalization of eligible components of cost as per applicable financial reporting standards; therefore, we have identified this area as key audit matter.</p> <p>Related Disclosures:</p> <p>Please refer to Note-2 of the accounting policies for details of the accounting policies of capital expenditure.</p> <p>As disclosed in Note -3 to the financial statements, the Company has incurred significant amount for the installation of new integrated textile unit during the year for the enhancement of its production capacity.</p>	<p>Our Audit Procedures to assess Capital Expenditure include the following:</p> <ul style="list-style-type: none"> We obtained an understanding of Company's process with respect to capital expenditure and tested controls relevant to such process. We performed substantive audit procedures through inspection of related documents and supporting in relation to the capitalized cost. We further assessed that the related disclosures provided in financial statements are adequate in accordance with applicable accounting standards and Companies Act, 2013.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of these other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows

of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

INDEPENDENT AUDITOR'S REPORT (CONTD..)

with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the

financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016("the order) issued by the Central Government in terms of Section 143(11) of the act, we give in "Annexure I" a statement on the matters specified in paragraph 3 and 4 of the Order
- 2) As required by section 143(3) of the Act, based on our audit we report:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion and to the best of our information and according to the explanations given to us, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and

INDEPENDENT AUDITOR'S REPORT (CONTD..)

the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- (e) On the basis of written representations received from the directors, as on March 31, 2019 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to Annexure 'II' to this report.
- (g) With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note No.29)
- ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses.
- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For **Kalani & Company.**
Chartered Accountants
Firm Regn. No 000722C

S.P. Jhanwar
Partner
Membership No.- 074414

Place: Bhilwara
Date: 25-05-2019

ANNEXURE 'I' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Nitin Spinners Limited of even date)

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant & Equipment).

(b) The fixed assets (Property, Plant & Equipment) have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of company.

ii. Physical verification of inventory has been conducted during the year at reasonable intervals by management. As informed to us no material discrepancies have been noticed on such verification.

iii. The Company has not granted any loans, secured or unsecured to any companies, firms, limited liability partnership or other parties covered in register maintained under Section 189 of the Companies Act, 2013.

iv. No loans have been given to parties covered under section 185 of the Companies Act, 2013. The company

has not given any guarantee or provided any security to any party covered under section 185 or 186 of the Companies Act, 2013. In case of investments provisions of section 185 and 186 of the Companies Act 2013 has been complied.

v. The company has not accepted deposits from the public within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the rules made there under, hence this clause is not applicable.

vi. The maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and as informed to us such accounts and records have been so made and maintained. However, we have not conducted a detailed examination of the same.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) Undisputed statutory dues including provident fund, employee state insurance, income tax, GST, custom duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed dues outstanding as on 31st March 2019.

(b) Details of dues of Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

S.N.	Name of Statute	Nature of Dues	Period	Forum where the dispute is pending	Gross Amount due (₹ in Lacs.)	Amount deposited under protest/ adjusted by tax authorities (₹ in Lacs.)	Amount not deposited (₹ in Lacs.)
1.	Central Excise	Interest on Excise Duty	2008	Supreme Court, New Delhi	787.02	Nil	787.02
2.	Central Excise	Excise duty and Penalty	2006-07	High Court, Jodhpur	9.25	9.25	Nil
3.	Customs	Redemption Fine	2009-10	CESTAT, Ahmedabad	0.50	Nil	0.50
4.	Raj VAT & CST Act	Tax & Interest	2011-12	Dy. Commissioner (A), Ajmer	59.51	3.34	56.17
5.	Raj VAT & CST Act	Tax & Interest	2012-13	Dy. Commissioner (A), Ajmer	29.20	1.76	27.44
6.	Raj VAT & CST Act	Tax & Interest	2013-14	Dy. Commissioner (A), Ajmer	45.05	2.93	42.12

ANNEXURE 'I' to the Independent Auditor's Report

S.N.	Name of Statute	Nature of Dues	Period	Forum where the dispute is pending	Gross Amount due (₹ in Lacs.)	Amount deposited under protest/ adjusted by tax authorities (₹ in Lacs.)	Amount not deposited (₹ in Lacs.)
7.	Raj VAT & CST Act	Tax & Interest	2014-15	Dy. Commissioner (A), Ajmer	50.34	3.55	46.79
8.	Raj. Vat	Penalty	2013-14	Dy. Commissioner (A), Ajmer	613.32	Nil	613.32
9.	Raj. Vat	Penalty	2014-15	Dy. Commissioner (A), Ajmer	445.18	Nil	445.18
10.	Entry Tax	Tax & Interest	2015-16	Dy. Commissioner (A), Ajmer	50.28	3.20	47.08
Total					2089.65	24.03	2065.62

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to the financial institution, banks, government or due to debenture holders.

ix. The Company has not raised any money by way of initial public offer or further public offer. According to the information and explanation given to us, the money raised by the company by way of term loans have been applied for the purpose for which they were obtained.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. The Company has complied with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details

of related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv. During the year, the Company has made preferential allotment of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirement of section 42 of the Companies Act, 2013 and the amount raised has been used for the purpose for which the funds were raised.

xv. The Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Kalani & Company.**
Chartered Accountants
Firm Regn. No. 000722C

S.P. Jhanwar

Partner

Membership No.- 074414

Place: Bhilwara

Date: 25th May, 2019

ANNEXURE 'II' to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls with reference to financial statements of Nitin Spinners Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur

ANNEXURE 'II' to the Independent Auditor's Report

and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal financial controls with reference to Ind AS

financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kalani & Company.**
Chartered Accountants
Firm Regn. No 000722C

S.P. Jhanwar
Partner
Membership No.- 074414

Place: Bhilwara
Date: 25th May, 2019

BALANCE SHEET as at March 31, 2019

(₹ In Lacs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	2	52,324.52	56,937.62
(b) Capital Work-in-Progress	3	46,819.64	424.62
(c) Other Intangible Assets	4	31.13	42.65
(d) Other Non-Current Assets	5	2,341.02	810.03
Total Non-Current Assets (A)		1,01,516.31	58,214.92
(2) Current Assets			
(a) Inventories	6	22,782.54	20,548.87
(b) Financial Assets			
(i) Trade Receivables	7	12,072.54	8,810.05
(ii) Cash and Cash Equivalents	8	275.01	10.01
(iii) Other Bank Balances	8A	28.02	19.73
(iv) Other Financial Assets	9	258.04	38.54
(c) Other Current Assets	10	6,695.83	5,217.04
Total Current Assets (B)		42,111.98	34,644.24
Total Assets (A+B)		1,43,628.29	92,859.16
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	11	5,622.00	5,555.17
(b) Other Equity	12	42,631.47	36,127.98
Total Equity (A)		48,253.47	41,683.15
(2) Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowing	13	61,873.51	31,050.14
(b) Provisions	14	1,161.69	898.28
(c) Deferred Tax Liabilities (Net)	15	2,991.17	1,677.31
Total Non-Current Liabilities (B)		66,026.37	33,625.73
(3) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowing	16	18,543.36	8,751.55
(ii) Trade Payables	17		
- Due to Micro & Small Enterprises		101.37	-
- Due to Others		3,442.15	2,556.60
(iii) Other Financial Liabilities	18	6,600.04	5,841.64
(b) Other Current Liabilities	19	269.78	233.07
(c) Provisions	20	114.86	96.46
(d) Current Tax Liabilities (Net)	21	276.89	70.96
Total Current Liabilities (C)		29,348.45	17,550.28
Total Liabilities (B+C)		95,374.82	51,176.01
Total Equity and Liabilities (A+B+C)		1,43,628.29	92,859.16
Significant Accounting Policy	1		
Disclosures and Additional informations	29-40		

In terms of our report of even date

For and on behalf of the Board

For KALANI & CO.Chartered Accountants
(Firm Reg. no. 000722C)**R.L.NOLKHA**Chairman
(DIN - 00060746)**DINESH NOLKHA**Managing Director
(DIN - 00054658)**S. P. JHANWAR**Partner
M.No. 074414**P.MAHESHWARI**Chief Financial Officer
(PAN - ABAPM8005C)**SUDHIR GARG**Company Secretary & General Manager (Legal)
(PAN - ABBPK6037F)

Place : Hamirgarh, Bhilwara

Date : 25.05.2019

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2019

(₹ In Lacs)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from Operations	22	124251.05	114524.89
II Other Income	23	277.08	225.76
III Total Income (I+II)		124528.13	114750.65
IV Expenses			
Cost of Materials Consumed	24	78879.25	71411.78
Purchase of Stock in Trade		-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(730.50)	1344.78
Employee Benefits Expense	26	6799.85	6065.30
Finance Cost	27	2890.37	2954.87
Depreciation & Amortisation Expense	2,4	5463.88	5619.01
Other Expenses	28	21495.20	20211.40
Total Expenses (IV)		114798.05	107607.14
V Profit before Exceptional Items & Tax		9730.08	7143.51
VI Exceptional Items		-	-
VII Profit/(Loss) Before Tax (V-VI)		9730.08	7143.51
VIII Tax Expenses			
1. Current Tax		3641.33	1597.64
2. Earlier Year		(149.77)	(514.25)
3. Deferred Tax		(172.17)	821.53
IX Profit/(Loss) for the period from Continuing Operations After Tax (VII-VIII)		6410.69	5238.59
X Other Comprehensive Income			
1 Items that will not be reclassified to Profit or Loss (Net of Tax)			
Remeasurements of Defined Benefit Plans		9.06	60.96
Income tax related to Defined Benefit Plans		(3.17)	(21.10)
		5.89	39.86
2 Items that will be reclassified to profit or loss (Net of Tax)			
Change in Fair Value of Effective portion of Cash Flow Hedge		248.64	(255.95)
Tax on Cash Flow Hedge Recognised during the year		(86.88)	88.58
		161.76	(167.37)
Total Other Comprehensive Income for the year, net of Income Tax		167.65	(127.51)
XI Total Comprehensive Income for the period (IX+X)		6578.34	5111.08
XII Earning Per Equity Share			
(1) Basic		11.43	10.56
(2) Diluted		11.43	10.56
Significant Accounting Policy	1		
Disclosures and Additional informations	29-40		

In terms of our report of even date

For KALANI & CO.
Chartered Accountants
(Firm Reg. no. 000722C)

S. P. JHANWAR
Partner
M.No. 074414

Place : Hamirgarh, Bhilwara
Date : 25.05.2019

For and on behalf of the Board

R.L.NOLKHA
Chairman
(DIN - 00060746)

P.MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

SUDHIR GARG
Company Secretary & General Manager (Legal)
(PAN - ABBPK6037F)

CASH FLOW STATEMENT

for the year ended March 31, 2019

(₹ In Lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax & Exceptional Items	9730.08	7143.51
Adjustments for :-		
Depreciation	5463.88	5619.01
Interest Expenditure	2890.37	2954.87
Loss/ (Profit) on sale of Property, Plant & Equipment	23.93	0.41
Actuarial (loss)/gains on Defined Benefit Obligations	9.06	60.96
Operating Profit Before Working Capital Changes (1)	18117.32	15778.76
Adjustments for :-		
Decrease/(Increase) Inventories	(2233.67)	(3547.05)
Decrease/ (Increase) Trade Receivables	(3262.49)	(3977.34)
Decrease/ (Increase) Other Current & Non Current Assets	(1932.24)	(751.91)
Increase/(Decrease) Current & Non Current Liabilities	1573.87	637.72
Total Adjustments (2)	(5854.53)	(7638.58)
Cash Generated from Operations (1-2)	12262.79	8140.18
Less : Taxes Paid	1889.66	1510.86
Net Cash Generated from Operating Activities (A)	10373.13	6629.32
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant & Equipment	(892.31)	(1252.10)
Capital WIP including Capital Advances	(47476.89)	(763.11)
Sale of Property, Plant & Equipment	29.12	1.67
Net Cash Generated/(used) in Investing Activities (B)	(48340.08)	(2013.54)
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from /(Repayment) of Short Term Borrowing (Net)	9791.81	(2469.92)
Proceeds from Long Term Borrowings	36453.51	-
Repayment of Long Term Borrowings	(5114.99)	(9436.94)
Interest Paid	(2890.37)	(2954.87)
Proceeds from issue of Shares	805.30	1193.70
Equity Issue Expenses	-	(388.20)
Dividend Paid	(674.64)	(550.01)
Tax on Dividend Paid	(138.67)	(111.97)
Net Cash Generated/(used) From Financing Activities (C)	38231.95	(4718.21)
Net Increase / (Decrease) in Cash & Cash Equivalent (A+B+C)	265.00	(102.43)
Opening Balance of Cash & Cash Equivalent	10.01	112.44
Closing Balance of Cash & Cash Equivalent	275.01	10.01

In terms of our report of even date

For and on behalf of the Board

For KALANI & CO.Chartered Accountants
(Firm Reg. no. 000722C)**R.L.NOLKHA**Chairman
(DIN - 00060746)**DINESH NOLKHA**Managing Director
(DIN - 00054658)**S. P. JHANWAR**Partner
M.No. 074414**P.MAHESHWARI**Chief Financial Officer
(PAN - ABAPM8005C)**SUDHIR GARG**Company Secretary & General Manager (Legal)
(PAN - ABBPK6037F)

Place : Hamirgarh, Bhilwara

Date : 25.05.2019

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2019

A. Equity Share Capital

Particulars	As At 31st March 2019		As At 31st March 2018	
	Number	(₹ In Lacs)	Number	(₹ In Lacs)
Equity Share Capital				
Balance at the beginning of reporting period	55551710	5555.17	45833945	4583.39
Add: Shares issued during the year	668290	66.83	9717765	971.78
Balance at the closing of reporting period	56220000	5622.00	55551710	5555.17

B. Other Equity

Particulars	Reserves & Surplus				Other Reserves	Total
	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earning	Effective Portion of Cash Flow Hedge Reserve	
Balance as at 1st April 2017	150.00	2766.73	3000.00	15777.53	150.90	21845.16
Profit for the year ended 31st March, 2018				5238.59		5238.59
Other Comprehensive Income/ (Expenses) (OCI)						
(a) Remeasurement of Defined Benefit obligation (Net of Tax)				39.86		39.86
(b) Adjustment for Effective portion of Cash Flow Hedge (Net of Tax)					(167.37)	(167.37)
Dividends (Including Dividend Tax)				(661.98)		(661.98)
Security Premium		10221.92				10221.92
Equity Issue Expenses				(388.20)		(388.20)
Transfer to General Reserve			1000.00	(1000.00)		-
Balance as at 31st March 2018	150.00	12988.65	4000.00	19005.80	(16.47)	36127.98
Profit for the year ended 31st March, 2019				6410.69		6410.69
Other Comprehensive Income/ (Expenses) (OCI)						
(a) Remeasurement of Defined Benefit obligation (Net of Tax)				5.89		5.89
(b) Adjustment for Effective portion of Cash Flow Hedge (Net of Tax)					161.75	161.75
Dividends (Including Dividend Tax)				(813.31)		(813.31)
Security Premium		738.47				738.47
Transfer to General Reserve			1000.00	(1000.00)		-
Balance as at 31st March 2019	150.00	13727.12	5000.00	23609.07	145.28	42631.47

In terms of our report of even date

For KALANI & CO.
Chartered Accountants
(Firm Reg. no. 000722C)

S. P. JHANWAR
Partner
M.No. 074414

Place : Hamirgarh, Bhilwara
Date : 25.05.2019

For and on behalf of the Board

R.L.NOLKHA
Chairman
(DIN - 00060746)

P.MAHESHWARI
Chief Financial Officer
(PAN - ABAPM8005C)

DINESH NOLKHA
Managing Director
(DIN - 00054658)

SUDHIR GARG
Company Secretary & General Manager (Legal)
(PAN - ABBPK6037F)

NOTES TO THE FINANCIAL STATEMENTS

Note No. 1 - Company Information and Significant Accounting Policy

A. Corporate Overview

Nitin Spinners Limited (the "Company"), incorporated on 15th October, 1992, is a Company domiciled in India and limited by shares (CIN: L17111RJ1992PLC006987). The address of the Company's registered office is 16-17 Km. Stone, Chittor Road, Hamirgarh, and Bhilwara-(Raj 311025). The company is engaged in manufacturing of Cotton Yarn and Knitted Fabrics. The company is listed at National Stock Exchange of India Limited and at BSE Limited.

B. Basis of Preparation

These Separate Financial Statements are prepared on Going Concern basis following Accrual basis of accounting and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent applicable), applicable provisions of the Companies Act, 1956.

1. Basis of Measurement/Use of Estimates

- (i) The Financial Statements are prepared on accrual basis under the historical cost convention except certain financial assets and liabilities (including derivatives instruments) that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- (ii) The preparation of financial statements requires judgments, estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

2. Functional and Presentation Currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in

INR has been rounded to the nearest lacs (up to two decimals), except as stated otherwise.

3. Current and Non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as Non-Current.

Deferred Tax Assets/Liabilities are classified as Non-Current.

C. Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

1. Property Plant & Equipment

1.1. Initial recognition and measurement

An item of property, plant and equipments recognized as an asset if and only if it is probable that future economic benefits

NOTES TO THE FINANCIAL STATEMENTS

associated with the item will flow to the company and the cost of the item can be measured reliably.

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation/amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset, inclusive of non-refundable taxes & duties, to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of Property, Plant and Equipment are capitalized.

1.2. Subsequent costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in Statement of Profit or Loss A/c as incurred.

1.3. Derecognition

Property, Plant and Equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

1.4. Depreciation

Assets are depreciated using straight line method over the estimated useful life of the asset as specified in Part "C" of Schedule II of Companies Act, 2013 except for Plant & Machinery (other than Laboratory Equipments, Fire Fighting Equipments and Tools & Equipments) whose estimated useful life is taken as 13 years (Triple Shift) after retaining residual life of 5% of original cost. Assets residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets.

Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Where it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably, subsequent expenditure on a PPE along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

In circumstance, where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

2. Capital work-in-progress

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

3. Intangible assets and intangible assets under development

3.1. Initial recognition and measurement

An intangible asset is recognized if and only if it is probable that the expected future

NOTES TO THE FINANCIAL STATEMENTS

economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalization under intangible assets are carried as intangible assets under development till they are ready for their intended use.

3.2. Subsequent costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

3.3. Derecognition

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

3.4. Amortization

Intangible assets having definite life is amortized on straight line method in their useful lives. Useful life of computer software is estimated at five years.

4. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction, exploration,

development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of:

- (a) interest expense calculated using the effective interest method as described in Ind AS 109 – 'Financial Instruments',
- (b) finance charges in respect of finance leases recognized in accordance with Ind AS 17 – 'Leases',
- (c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and,
- (d) other costs that an entity incurs in connection with the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to revenue as and when incurred.

5. Statement of Cash Flows

Cash flow statement has been prepared in accordance with the Indirect method prescribed in Ind AS 7 'Statement of Cash Flows'.

6. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts other than those capitalized as Property, Plant and Equipment are carried as inventory.

The diminution in the value of obsolete, unserviceable and surplus stores & spares is ascertained on review and provided for.

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7. Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprises cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of change in value.

8. Government Grants

Government grants that compensate the company for the cost of asset are recognized initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are recognized in Statement of Profit & Loss A/c on a systematic basis over the useful life of the related asset. Grants that compensate the Company for expenses incurred are recognized over the period in which the related costs are incurred and are deducted from the related expenses.

9. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will

only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

10. Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded at the functional currency rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in Statement of Profit and Loss A/c in the year in which it arises.

Non-monetary items are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

11. Revenue Recognition

The Company derives revenues primarily from business of textiles. Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue

NOTES TO THE FINANCIAL STATEMENTS

recognition. Refer Note 1 "Significant Accounting Policies," in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Ind AS 115 moves away from the "transfer of risk and rewards" approach and introduces a new "transfer of control" approach delivered through the new five-step model described as follows:

1. Identify the contract with a customer.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction Price.
4. Allocate the transaction price to the separate performance obligations.
5. Recognize revenue when (or as) each performance obligation is satisfied.

At contract inception, an entity assesses the goods or services promised in a contract with a customer and identify each performance obligation promised to be transferred to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The company classifies the right to consideration in exchange for deliverables as either a receivable or as a contract asset. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as contract asset and is classified as a financial asset for these cases a right to consideration is unconditional upon passage of time. This would result in the timing of revenue recognition being different from the time of billing the customers.

Company classifies amount received as advance from customers against sales as contract liability.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

11.1 Sale of Goods

Revenue from the sale of goods is recognised upon transfer of control of the goods have passed to the buyer, which generally coincides with dispatch. Revenue from export sales are recognised on shipment basis. Revenue from the sale of goods is measured at an amount that reflects the consideration we expect to receive in exchange for those products (i.e. the transaction price). The Company presents revenues net of indirect taxes, returns and allowances, trade discounts and volume rebates in its statement of Profit and loss. Inter-divisional sales comprising of sale of power for captive consumption is reduced from gross turnover in arriving net turnover.

11.2 Rendering of services

Revenue from job work services is recognised based on the services rendered in accordance with the terms of contracts.

11.3 Other Export Benefit

Export benefits are accounted for in the year of export at net market realizable value.

11.4 Other Income

Revenue from transactions or events that do not arise from a contract with a customer is not in the scope of Ind AS 115 and should continue to be recognized in accordance with the other standards. Such Income includes Interest and Dividend income which are dealt with in Ind AS 109 and Rental income to be accounted as per Ind AS 17.

11.5 Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, pre payment, extension, call and similar options) but does not consider the expected credit

NOTES TO THE FINANCIAL STATEMENTS

losses. Interest income is included in other income in the statement of profit or loss.

11.6 Dividend

Dividend Income is recognized when the company's right to receive is established which generally occurs when the shareholders approve the dividend.

11.7 Income other than Interest and Dividend

Other income is recognized in the statement of profit and loss when increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

12. Employee Benefits

12.1. Short Term Benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are booked as an expense as the related service is provided.

A liability is recognized for the amount expected to be paid under performance related pay if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

12.2 Post-Employment benefits

Employee benefit that are payable after the completion of employment are Post-Employment Benefit (other than termination benefit). These are of two types:

12.2.1 Defined contribution plans

Defined contribution plans are those plans in which an entity pays fixed contribution into separate entities and will have no legal or constructive obligation to pay further amounts. Provident Fund and Family Pension Funds are Defined Contribution Plans in which company pays a fixed contribution and will have no further obligation.

12.2.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Company pays Gratuity as per provisions of the Gratuity Act, 1972. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a liability to the company, the present value of liability is recognized as provision for employee benefit. Any actuarial gains or losses in respect of gratuity are recognized in OCI in the period in which they arise.

12.3 Other long-term employee benefits

Benefits under the Company's leave encashment scheme constitute other long-term employee benefits. The Company's net obligation in respect of leave encashment is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise.

13. Income Taxes

Income tax expense comprises current and deferred tax. Current tax expense is recognized in Statement of Profit and Loss A/c except to the extent that it relates to items recognized directly

NOTES TO THE FINANCIAL STATEMENTS

in other comprehensive income or equity, in which it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years. Current income taxes are recognized under 'Income tax payable' net of payments on account, or under 'Tax receivables' where there is a debit balance.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is recognized in Statement of Profit and Loss A/c except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Minimum Alternate Tax credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

14. Leases:

14.1 Recognition:

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the customer the right to control the use of the underlying asset. Arrangements that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset in return for a payment or a series of payments are identified as either finance leases or operating leases.

14.2 Accounting for

14.2.1 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense over the lease term.

14.2.2 Finance Lease

Leases of Property, Plant and Equipment where the Company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance leases are recorded as Property, Plant and Equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

NOTES TO THE FINANCIAL STATEMENTS

15. Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount (higher of its fair value less costs to disposal or its value in use) is estimated.

An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount which is only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

16. Dividends

Dividends and Interim dividends payable to a Company's shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

17. Material Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest prior period presented, the opening balances of assets, liabilities and equity for the earliest prior period presented, are restated.

18. Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity

shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

19. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, the credit quality of the instrument improves then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

In respect of Trade receivables or any financial asset that result from transactions that are within the scope of Ind AS 115, company follows 'simplified approach' for recognition of impairment loss allowance within the scope of Ind AS 115, if they do not contain a significant financing component. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

b. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable transaction cost. Fees of recurring nature are directly recognized in the Statement of Profit and Loss as finance cost.

Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any material transaction that are any integral part of the EIR. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value of the instrument.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss A/c.

c. Derivative financial instruments

The Company uses forwards to mitigate the risk of changes in interest rates, exchange rates and commodity prices. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are also subsequently measured at fair value on the reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to cash flow hedge reserve through Statement of Other Comprehensive Income.

These are accounted for as follows:

a) Cash flow hedge

When derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in the cash flow hedging reserve being part of other comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the Statement of Profit and Loss. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

b) Fair Value Hedge

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to Statement of Profit and Loss over the period of maturity.

20. CSR Expenditure

Amount spent on CSR activities during the year is charged to Statement of Profit & Loss, if the same is of revenue nature. If the expenditure is of such nature, which may give rise to a capital asset, the same is recognized in the Balance Sheet as "CSR Assets" under respective Fixed Assets.

D. Major Estimates made in preparing Financial Statements:

1. Useful life of property, plant and equipment and intangible assets

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such

NOTES TO THE FINANCIAL STATEMENTS

as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets other than Plant and machinery (except Laboratory Equipments, Fire Fighting Equipments and Tools & Equipments) are in accordance with Schedule II of the Companies Act, 2013.

The Company reviews at the end of each reporting date the useful life of property, plant and equipment, and are adjusted prospectively, if appropriate.

Intangible assets are being amortized on straight line basis over the period of five years.

2. Post-employment benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which

include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

3. Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events requires best judgment by management regarding the probability of exposure to potential loss. In case of change in the circumstances the following unforeseeable developments, the likelihood could alter.

NOTES TO THE FINANCIAL STATEMENTS

Note 2 : Property, Plant and Equipment

As at 31st March 2019

(₹ In Lacs)

Particulars	Gross Carrying Amount		Depreciation/Amortisation		Net Carrying Amount	
	As at 1st April 2018	As at 31st March 2019	As at 1st April 2018	For the Year	As at 31st March 2019	As at 1st April 2018
Tangible Assets						
Free Hold Land	774.40	-	-	-	877.93	774.40
Lease Hold Land	135.06	-	2.05	1.31	131.70	133.01
Buildings	13913.74	176.43	1017.68	584.65	12487.84	12896.06
Plant & Machinery	49960.51	464.48	8121.27	4639.79	37614.30	41839.24
Electric installation	991.25	27.65	384.81	104.26	529.83	606.44
Furniture & Fixtures	369.67	40.33	21.98	37.49	350.53	347.69
Office Equipments	177.11	11.51	34.82	37.61	116.12	142.29
Vehicles	264.75	65.23	66.26	44.11	216.27	198.49
Total	66586.49	889.16	9648.87	5449.22	52324.52	56937.62
Previous Year	65381.45	1243.57	4079.53	5605.79	56937.62	61301.92

2.1 All Property, Plant and Equipments mentioned above (except PPE under CSR) having net block of ₹ 51979.92 Lacs (Previous Year - ₹ 56,804.61 Lacs) are held as security towards Borrowings as specified in Note 13

2.2 Details of Property, Plant and Equipment under CSR included in above are as follows:

(₹ In Lacs)

Particulars	Gross Carrying Amount		Depreciation/Amortisation		Net Carrying Amount	
	As at 1st April 2018	As at 31st March 2019	As at 1st April 2018	For the Year	As at 31st March 2019	As at 1st April 2018
Lease Hold Land	135.06	-	2.05	1.31	131.70	133.01
Building	-	162.18	-	1.28	160.90	-
Electric Installation	-	25.47	-	1.18	24.29	-
Furniture & Fixtures	-	29.45	-	1.74	27.71	-
Total	135.06	217.10	2.05	5.51	344.60	133.01

NOTES TO THE FINANCIAL STATEMENTS

Note 2 : Property, Plant and Equipment (Contd..)

2.3 Information regarding Historical cost of Property, Plant and Equipment based on the previous GAAP prior to date of transition to Ind AS is as follows:

(₹ In Lacs)

Particulars	Free Hold Land	Lease Hold Land	Buildings	Plant & Machinery	Electric Installation	Furniture & Fixtures	Office Equipments	Vehicles	Total
Gross Block as on 1st April 2018	774.40	135.06	16116.46	70617.32	2235.51	415.12	271.63	334.16	90899.66
Addition/Adjustment during the year 2018-19	103.53	-	176.43	280.66	27.65	40.33	10.96	55.13	694.69
Total Historical Cost as on 31st March 2019	877.93	135.06	16292.89	70897.98	2263.16	455.45	282.59	389.29	91594.35

Note 3 : Capital Work In Progress

As at 31st March 2019

(₹ In Lacs)

Particulars	As at 1st April 2018	Addition	Deduction/ Adjustments	Capitalised	As at 31st March 2019
Existing Project Plant & Machinery	-	122.52	-	-	122.52
CSR Building	123.18	38.99	-	162.17	-
New Project Begun					
Building	187.42	11,721.11	-	-	11,908.53
Plant & Machinery	24.74	30,375.84	-	-	30,400.58
Electric Installation	29.79	1,526.46	-	-	1,556.25
Office Equipment	-	57.97	-	-	57.97
Furniture & Fixtures	0.20	318.98	-	-	319.18
Intangible Assets	-	78.81	-	-	78.81
Pre Operative Exp	-	-	-	-	-
- Finance Charges	-	274.02	-	-	274.02
- Electricity & Water Exp	-	92.35	-	-	92.35
- Interest Cost	-	862.85	-	-	862.85
- Legal & Professional Exp	5.23	299.62	-	-	304.85
- Employee Benefit Exp	19.56	336.55	-	-	356.11
- Other Administrative Exp	34.50	105.27	-	-	139.77
Excess of Expenditure over Income during Trial Period as per Note 3.1	-	345.85	-	-	345.85
Total	424.62	46557.19	0.00	162.17	46819.64

NOTES TO THE FINANCIAL STATEMENTS

Note 3 : Capital Work In Progress (Contd..)

Note 3.1 Trial Period Income & Expenditure

Particulars	(₹ In Lacs)	For the year ended 31.03.2019
Expenditure		
Cost of Materials Consumed	5494.11	
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(1134.91)	
Employee Benefits Expense	502.08	
Finance Cost	16.63	
Other Expenses		
- Power Exp.	847.72	
- Stores & Spares Consumption	34.97	
- Packing Material Consumption	107.58	
- Administrative Exp.	5.27	
- Selling Exp.	134.85	
Total Expenditure Incurred	6008.30	
Less: Income		
Revenue from Trial Period Operations	5662.45	
Excess of Expenditure over Income	345.85	

Note 4 : Other Intangible Assets

As at 31st March 2019

Particulars	Gross Carrying Amount		Depreciation/Amortisation		Net Carrying Amount	
	As at 1st April 2018	As at 31st March 2019	As at 1st April 2018	For the Year	As at 31st March 2019	As at 1st April 2018
Computer Software	63.48	66.62	20.83	14.66	31.13	42.65
Total	63.48	66.62	20.83	14.66	31.13	42.65
Previous Year	54.95	63.48	7.61	13.22	42.65	47.34

NOTES TO THE FINANCIAL STATEMENTS

Note 4 : Other Intangible Assets (Contd..)

4.2 Information regarding Historical cost of Intangible Assets based on the previous GAAP prior to date of transition to Ind AS is as follows:

		(₹ In Lacs)
Particulars		Computer Software
Gross Block as on 1st April 2018		71.45
Addition/Adjustment during the year 2018-19		3.14
Total Historical Cost as on 31st March 2019		74.59

Financial Assets

Note 5 : Other Non Current Assets

			(₹ In Lacs)
Particulars	As at 31st March 2019	As at 31st March 2018	
Security Deposits	868.03	403.33	
Income Tax Refundable	2.22	2.22	
Deferred Transaction Cost	50.41	65.99	
Capital Advances	1,420.36	338.49	
Total	2341.02	810.03	

Current Assets

Note 6 : Inventories

			(₹ In Lacs)
Particulars	As at 31st March 2019	As at 31st March 2018	
Raw Material	16534.39	16756.07	
Work-In-Process	1869.98	1062.58	
Finished Goods	3021.74	1963.72	
Stores and Spares	761.63	576.39	
Fuel	594.80	190.11	
Total	22782.54	20548.87	

6.1 Inventory has been valued as per the Accounting Policy

6.2 Raw Material consist of:

			(₹ In Lacs)
Particulars	As at 31st March 2019	As at 31st March 2018	
Cotton	16227.84	16700.51	
Polyster	66.86	-	
Yarn	239.69	55.56	
Total	16534.39	16756.07	

NOTES TO THE FINANCIAL STATEMENTS

Note 6 : Inventories (Contd..)

6.3 Finished Goods consist of:

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
Yarn	2178.34	1610.88
Grey Fabric	650.13	215.41
Saleable Waste	193.27	137.43
Total	3021.74	1963.72

Note 7 : Current Financial Assets - Trade Receivables

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
Secured		
Considered Good	-	-
Unsecured		
Considered Good	12072.54	8781.01
Credit Impaired	-	58.08
Less : - Impairment Allowance	-	(29.04)
Net	0.00	29.04
Total	12072.54	8810.05

Note 7.1 Ageing and other information has been depicted in Note no. 36

Note 8 : Current Financial Assets - Cash and Cash Equivalents

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
Cash in Hand	1.96	2.67
Balance with Banks in :		
Current Accounts	273.05	7.34
Total	275.01	10.01

Note 8A : Current Financial Assets - Bank Balances other than Cash and Cash Equivalents

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
Unclaimed Dividend Accounts	28.02	19.73
Total	28.02	19.73

NOTES TO THE FINANCIAL STATEMENTS

Note 9 : Other Current Financial Assets

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
Derivative Assets (Net)	223.46	-
Advances to Employees	34.58	38.54
Total	258.04	38.54

Note 10 : Other Current Assets

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
Advances to Suppliers	464.71	1545.60
Other Advances	109.92	82.62
Amount Receivable under TUFS /RIPS	1185.63	612.72
VAT & GST Credit Receivables	3401.02	1662.22
GST Refundable	1133.88	882.48
Other Receivables*	400.67	431.40
Total	6695.83	5217.04

* Other receivable includes amount of Rebates, Export Incentive and Duty drawback etc.

Equity & Liabilities

Equity

Note 11 : Share Capital

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
Authorised :		
6,00,00,000 (Previous Year : 6,00,00,000)	6000.00	6000.00
Equity Shares of ₹ 10/- Each		
Total	6000.00	6000.00
Issued, Subscribed & Fully Paid up :		
5,62,20,000 (Previous Year : 5,55,51,710)	5622.00	5555.17
Equity Shares of ₹ 10/- Each fully paid up ranking pari passu		
Total	5622.00	5555.17

a. Details of Shareholders holding more than 5% Shares are as under :

Name of Shareholders	No. of Shares (% of Holding)	No. of Shares (% of Holding)
Redial Trading & Investment Pvt. Ltd.	17728000 (31.53%)	16755000 (30.16%)
Ratan Lal Nolkha	6120000 (10.89%)	5716000 (10.29%)

NOTES TO THE FINANCIAL STATEMENTS

Note 11 : Share Capital (Contd..)

b. Reconciliation of the number of Shares outstanding is set out below :

Name of Shareholders	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	55551710	45833945
Add : Shares issued during the year	668290	9717765
Equity Shares at the end of the year	56220000	55551710

c. The company has not issued, any Shares pursuant to contract without payment being received in Cash, Bonus Shares and has not bought back any shares.

d. Terms and Rights attached to Equity Shares:

The company has only one class of Equity Shares having a par value of ₹10/- per share. The holders of the equity shares are entitled to dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

Note 12 : Other Equity

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
Capital Redemption Reserve	150.00	150.00
Securities Premium	13727.12	12988.65
General Reserve	5000.00	4000.00
Other Reserve - Cash Hedge Reserve	145.28	(16.47)
Retained Earning	23609.07	19005.80
Total	42631.47	36127.98

Note 12.1 : Particular of Other Equity

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
a. Capital Redemption Reserve		
Opening Balance	150.00	150.00
Additions during the year	-	-
Deductions during the year	-	-
Net Balance	150.00	150.00
b. Securities Premium		
Opening Balance	12988.65	2766.73
Additions during the year	738.47	10221.92
Deductions during the year	-	-
Net Balance	13727.12	12988.65
c. General Reserve		
Opening Balance	4000.00	3000.00
Additions during the year	1000.00	1000.00
Deductions during the year	-	-
Net Balance	5000.00	4000.00
d. Other Reserve - Cash Hedge Reserve		
Opening Balance	(16.47)	150.90
Additions during the period	161.75	(167.37)
Net Balance	145.28	(16.47)

NOTES TO THE FINANCIAL STATEMENTS

Note 12 : Other Equity (Contd..)

Note 12.1 : Particular of Other Equity (Contd..)

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
e. Surplus in Profit & Loss Account		
Opening Balance	19005.80	15777.53
Add: Profit for the year	6410.69	5238.59
Less : Allocation / Appropriation		
Proposed Dividend	674.64	550.01
Tax on Proposed Dividend	138.67	111.97
Transfer to General Reserve	1,000.00	1000.00
Equity Issue Expenses	-	388.20
Actuarial loss/(gain)	(5.89)	(39.86)
Sub Total	1807.42	2010.32
Net Balance	23609.07	19005.80
Total (a to e)	42631.47	36127.98

Note 13 : Non Current Financial Liabilities - Borrowings

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
(A) Term Loans from Banks		
Term Loans from Banks	67501.76	36157.30
Less: taken to other Current Liabilities being Current Maturities	5628.25	5109.05
Total (A)	61873.51	31048.25
(B) Vehicle Loans From Banks		
Vehicle Loans From Banks	2.35	8.29
Less: taken to other Current Liabilities being Current Maturities	2.35	6.40
Total (B)	-	1.89
Total (A+B)	61873.51	31050.14

13.1 Security

(a) Term Loans of ₹ 67501.76 Lacs (PY ₹ 35909.30 Lacs) are secured by way of first charge on all immovable and movable Property, Plant & Equipments (both present and future) and second charge on current assets. The term loan of ₹ Nil (PY ₹ 248.00 Lacs) are secured by way of IIIrd charge on all immovable and movable Property, Plant and Equipment and current assets of the company. The term loans are also secured by personal guarantee of three executive directors

(b) Vehicle Loans are secured by hypothecation of the specific vehicle

13.2 Terms of Repayment

(a) Term loans of ₹ 48.25 Lacs is repayable in 3 equal quarterly instalments upto December 2019, ₹ 11650.00 lacs in 16 variable quarterly instalments upto March 2023, ₹ 19350.00 lacs in 23 variable quarterly instalments upto December 2024. For fresh term loan of ₹ 47500 Lacs sanctioned for expansion project and disbursed partly (outstanding as on 31st March 2019 ₹ 36453.51 Lacs), the repayment shall start from September 2020 in 28 quarterly variable instalments and ended upto June 2027.

(b) Vehicle loan of ₹ 2.35 Lacs is repayable in 5 variable monthly instalments upto August 2019

NOTES TO THE FINANCIAL STATEMENTS

Note 14 : Non Current Liabilities - Provisions

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
Provision for Employee Benefits	1161.69	898.28
Total	1161.69	898.28

Note 15 : Deferred Tax Liability

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
A. Deferred Tax Liability		
- Depreciation	6525.43	6599.83
- Deferred Transaction Cost	17.61	22.84
	6543.04	6622.67
B. Deferred Tax Assets		
- Employee Benefits & Other Expenses	499.21	406.65
	499.21	406.65
Net Liability	6043.83	6216.02
Less : MAT Credit Entitlement	3130.83	4530.00
Deferred Tax related to OCI	78.17	(8.71)
C. Deferred Tax Liability (Net)	2991.17	1677.31

Note 15.1 Further information has been disclosed in Note No. 30

Note 16 : Current Financial Liabilities - Borrowings

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
Working Capital Loan from Banks (Secured)	18543.36	8751.55
Total	18543.36	8751.55

Note 17 : Current Financial Liabilities - Trade Payable

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
For Goods Purchased		
Due to Micro & Small Enterprises	101.37	-
Due to Others	932.13	509.91
For Services & Others	2510.02	2046.69
Total	3543.52	2556.60

NOTES TO THE FINANCIAL STATEMENTS

Note 17 : Current Financial Liabilities - Trade Payable (Contd..)

Note 17.1 : Disclosure related to Micro, Small & Medium Enterprises

- A. Trade Payables include Principal amount ₹ 101.37 Lacs (Previous Year ₹ Nil) and Interest amount ₹ Nil (Previous Year ₹ Nil) due to Micro, Small & Medium Enterprises as at 31st March 2019. The figures have been disclosed on the basis of informations received from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and/or based on the information available with the company. Further, no interest during the year has been paid or payable under the provisions of the MSMED Act, 2006.
- B. No Interest has been paid under section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.
- C. No Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006
- D. No Interest accrued and remaining unpaid at the end of each accountig year
- E. No further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2016

Note 18 : Other Current Financial Liability

Particulars	(₹ In Lacs)	
	As at 31st March 2019	As at 31st March 2018
Derivative Liability (Net)	-	25.18
Current Maturities of Long Term Debt	5630.60	5115.45
Interest accrued but not due on Borrowings	-	1.16
Unclaimed Dividend	28.02	19.73
For Capital Goods		
Due to Micro & Small Enterprises	16.97	-
Due to Others	406.75	88.67
Security Deposit	24.68	11.49
Other Payable	493.02	579.96
Total	6600.04	5841.64

Note 19 : Other Current Liabilities

Particulars	(₹ In Lacs)	
	As at 31st March 2019	As at 31st March 2018
Advances From Customers	53.19	65.29
Statutory Dues	160.21	123.10
Security Deposit	56.38	44.68
Total	269.78	233.07

NOTES TO THE FINANCIAL STATEMENTS

Note 20 : Current Liabilities - Provisions

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
Provision for Employee Benefits	114.86	96.46
Total	114.86	96.46

Note 21 : Current Tax Liabilities

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
Provision for Tax (Net)	276.89	70.96
Total	276.89	70.96

Note 22 : Revenue from operations

(₹ In Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Revenue from Contract with Customers		
Sale of Products		
Yarn	97269.70	86573.85
Fabrics	17565.28	17609.05
Others	7992.44	8546.38
Sale of Services	5.60	1.14
Other		
Foreign Exchange Fluctuation (Net)	1418.03	1794.47
Total	124251.05	114524.89

Note 23 : Other Income

(₹ In Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Miscellaneous Income	5.77	28.49
Interest Received	271.31	190.07
Profit on Sale of Fixed Assets	-	0.08
Profit on Sale of Investment	-	7.12
Total	277.08	225.76

Note 24: Cost of Material Consumed

(₹ In Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Stock at Opening		
Cotton	16700.51	11643.21
Yarn	55.56	94.01
Add : Purchases & Expenses		
Cotton	76388.23	75959.94

NOTES TO THE FINANCIAL STATEMENTS

Note 24: Cost of Material Consumed (Contd..)

(₹ In Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Yarn	725.53	470.69
Total	93869.83	88167.85
Less : Stock at Closing		
Cotton	14922.67	16700.51
Yarn	67.91	55.56
Total	78879.25	71411.78

Note 25 : Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade

(₹ In Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Closing Stock		
Finished Goods	2477.67	1963.72
Work-In-Progress	1279.13	1062.58
Total (A)	3756.80	3026.30
Opening Stock		
Finished Goods	1963.72	3236.28
Work-In-Progress	1062.58	1134.80
Total (B)	3026.30	4371.08
(Increase)/Decrease in Stocks	(730.50)	1344.78

Note 26 : Employee Benefits Expense

(₹ In Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Salary & Wages	5662.95	5101.77
Contribution to Provident and Other Fund	520.44	477.11
Gratuity and Leave Encashment Expenses	324.11	249.54
Staff Welfare Expenses	292.35	236.88
Total	6799.85	6065.30

Note 27: Finance Cost

(₹ In Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Interest Expenses		
Term Loans	1128.80	1489.24
Others	1378.64	982.18
	2507.44	2471.42
Other Borrowing Costs	382.93	483.45
Total	2890.37	2954.87

NOTES TO THE FINANCIAL STATEMENTS

Note 28 : Other Expense

(₹ In Lacs)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
(a) Manufacturing Expenses		
Power, Fuel & Water charges	13314.87	12551.39
Stores & Spares Consumed	2487.82	2227.50
Packing Expenses	1522.23	1555.55
Job Charges Paid	7.43	-
Repair & Maintenance		
Plant & Machinery	84.73	132.41
Building	34.76	40.29
Others	18.29	23.59
Excise Duty	-	0.68
Total (a)	17470.13	16531.41
(b) Administrative and Other Expenses		
Printing & Stationary	24.93	22.34
Postage & Communication	18.06	20.99
Subscription & Membership Fees	1.90	2.24
Director's Sitting Fee	4.50	3.58
Rent	3.90	3.90
Rates & Taxes	19.15	15.19
Travelling Exp - Directors	19.44	11.98
- others	17.83	32.77
Vehicle & Conveyance	102.11	101.09
Charity & Donation	0.83	0.83
CSR Expenditure	48.54	4.50
Legal & Professional	23.21	32.34
Insurance Charges	48.45	29.08
Loss on Sale of Fixed Assets	23.93	0.49
Payment to Auditors	16.76	10.50
Cost Audit Fees	0.50	0.40
Advertisement	15.47	9.56
Software Expenses	6.96	5.03
Provision for Doubtful Debts	-	29.04
Bad Debts Written Off	19.04	-
Miscellaneous Expenses	13.17	2.92
Total (b)	428.68	338.77
(c) Selling and Distribution Expenses		
Sales Promotion	40.34	43.53
Sales Commission	1358.91	1233.48
Rebate, Claims & Discount	177.13	70.30
Freight & Forwarding	1936.90	1902.78
Hank Yarn Obligation Expenses	83.11	91.13
Total (c)	3596.39	3341.22
Total (a to c)	21495.20	20211.40

NOTES TO THE FINANCIAL STATEMENTS

Note 28 : Other Expense (Contd..)

Note 28.1 : Payment to Auditors

(₹ In Lacs)

Particulars	Current Year	Previous Year
Audit Fees	7.00	7.00
Tax Audit Fees	1.00	1.00
Legal Services	8.00	2.50
Certification & Others	0.76	-
Total	16.76	10.50

Disclosures and Additional Informations

Note 29 – Disclosure as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

1 Contingent Liabilities not provided for:

(₹ In Lacs)

Sr. No.	Particulars	Current Year	Previous Year
a.	Disputed Liabilities not acknowledged as debts - Cenvat, Vat, Service Tax and Custom Duty	2,089.65	1,194.10
b.	Guarantees - Outstanding Bank Guarantees	55.59	282.39
c.	Other money for which the company is contingently liable -Bills negotiated with Banks (against goods sold)	7,050.25	5,714.32

2 Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) ₹ 10891.84 (Previous Year – ₹ 8824.45).
- The company has an outstanding export obligation of approx. ₹ 91204.22 lacs (Previous Year – ₹ 32,153.36 lacs), in respect of capital goods imported at the concessional rate of duty under Export Promotion Capital Goods Scheme, which is required to be met at different dates on or before 31.03.2025.

Note 30 - Disclosure as per Ind AS 12 "Income Taxes"

(a) Reconciliation of Tax Expense and the accounting profit multiplied by India's Tax Rate:

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
Accounting Profit Before Tax	9,730.08	7,143.51
Tax using company's domestic tax rate for respective year	3,400.09	2,472.22
Effect of Non-deductible Expense	13.66	(25.62)
Effect of Depreciation	(4.94)	(27.43)
Effect of Changes in Tax Rate	60.35	-
Tax in respect of earlier years	(149.77)	(514.25)
Tax as per Statement of Profit & Loss	3,319.39	1,904.92

NOTES TO THE FINANCIAL STATEMENTS

Note 30 - Disclosure as per Ind AS 12 "Income Taxes" (Contd..)

(b) Income Tax Expense

i. Income Tax recognized in Statement of Profit and Loss

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
[A]Current Tax expense:		
Current Year	3,641.33	1,597.64
Adjustment for earlier years	(149.77)	(514.25)
Total [A]	3,491.56	1,083.39
[B]Deferred Tax Expense		
Origination and reversal of temporary differences	(172.17)	821.53
Total [B]	(172.17)	821.53
Total Income Tax [A+B]	3,319.39	1,904.92

ii. Income Tax recognized in Other Comprehensive Income

(₹ In Lacs)

Particulars	As at 31st March 2019			As at 31st March 2018		
	Before Tax	Tax Expenses	Net of Tax	Before Tax	Tax Expenses	Net of Tax
Net Actuarial Gain/ (Losses) on Defined Benefit plans	9.06	3.17	5.89	60.96	21.10	39.86

(c) Movement in Deferred tax Asset/ Liability

(₹ In Lacs)

Particulars	As at 1st April 2018	Recognised in P&L A/c	As at 31st March 2019
(A) Deferred tax Assets			
-Provision for Employee benefit and others	396.60	102.61	499.21
-Impairment allowances	10.05	(10.05)	-
Total (A)	406.65	92.56	499.21
(B)Deferred Tax Liability			
-Impact of temporary difference in depreciation	6,599.84	(74.41)	6,525.43
-Amortised value of financial assets	14.12	81.66	95.78
Total (B)	6,613.96	7.25	6,621.21
Net Deferred Tax Liability (B-A)	6,207.31	(85.31)	6,122.00
Less: Liability net off through MAT Credit Entitlement	4,530.00	(1,399.17)	3,130.83
Net Deferred Tax Liability	1,677.31	1,313.86	2,991.17

NOTES TO THE FINANCIAL STATEMENTS

Note 30 - Disclosure as per Ind AS 12 “Income Taxes” (Contd..)

(d) MAT Credit Available to the company in future:

(₹ In Lacs)		
Financial Years	As at 31st March 2019	Expiry date
F.Y. 2013-14	149.21	F.Y. 2023-24
F.Y. 2014-15	1,126.56	F.Y. 2024-25
F.Y. 2015-16	582.47	F.Y. 2025-26
F.Y. 2016-17	1,272.59	F.Y. 2026-27
Total	3,130.83	

(e) Reconciliation of Deferred Tax Liabilities (Net)

(₹ In Lacs)		
Particulars	2018-19	2017-18
Deferred tax liability at the beginning of the year	1,677.31	1,383.62
Deferred tax (income)/ expenses during the year recognised in the Statement of Profit and Loss	1,226.98	382.27
Deferred tax (income)/ expenses during the year recognised in Other Comprehensive Income	86.88	(88.58)
Deferred tax liability at the end of the year	2,991.17	1,677.31

Note 31 - Disclosure as per Ind AS 23 “Borrowing Cost”

(₹ In Lacs)		
Particulars	31.03.2019	31.03.2018
Amount of Borrowing Cost Capitalized	862.85	Nil
Capitalization Rate	9.21%	-

Note 32 - Disclosure as per Ind AS 24 “Related Party Disclosures”

1. List of Related Parties with whom transactions have taken place:-

(a) Key Management Personnel:-

Name of Person	Relationship
Shri R.L. Nolkha	Chairman
Shri Dinesh Nolkha	Managing Director
Shri Nitin Nolkha	Executive Director
Shri P. Maheshwari	Chief Financial Officer
Shri Sudhir Garg	Company Secretary & GM (Legal)

(b) Relatives:-

Name of Person	Relationship
Smt. Sushila Devi Nolkha	Wife of Shri R.L. Nolkha, Mother of Shri Dinesh Nolkha & Shri Nitin Nolkha

(c) Related Companies:-

Name of Company	Relationship
Redial Trading & Investment Pvt. Ltd.	Holding 31.53% shares of the Company

NOTES TO THE FINANCIAL STATEMENTS

Note 32 - Disclosure as per Ind AS 24 "Related Party Disclosures" (Contd..)

1. List of Related Parties with whom transactions have taken place:-

(d) Independent Director

Name of Person	Relationship
Shri Y.R. Shah	Independent Director
Shri R. Chattopadhyay	Independent Director
Smt. Aditi Mehta	Independent Director

2. Details of Transactions with related parties:-

(₹ In Lacs)			
Sr. No.	Nature of Transactions	For the year ended 2018-2019	For the year ended 2017-2018
1	Rent Payment		
	Smt. Sushila Devi Nolkha	3.00	3.00
	Redial Trading & Investment Pvt. Ltd.	0.90	0.90
2	Managerial Remuneration		
	Shri R.L. Nolkha	132.62	107.95
	Shri Dinesh Nolkha	123.23	99.51
	Shri Nitin Nolkha	115.22	92.28
	Shri P. Maheshwari	29.04	24.04
	Shri Sudhir Garg	19.29	16.72
3	Interest Payment on unsecured loans		
	Shri R.L. Nolkha	-	1.93
	Shri Dinesh Nolkha	-	0.22
	Shri Nitin Nolkha	-	0.58
	Redial Trading & Investment Pvt. Ltd	12.48	31.50
4	Sitting Fees Paid to Independent Director		
	Shri Y.R. Shah	1.50	1.13
	Shri R. Chattopadhyay	1.60	1.13
	Smt. Aditi Mehta	1.40	1.33

3a. Balance due to related parties - ₹ Nil (Previous Year ₹ Nil)

3b. The Maximum balance outstanding during the year from Related Party are as under:

(₹ In Lacs)			
Sr. No.	Name of related party	Maximum balance outstanding during the year	
		For the year ended 2018-2019	For the year ended 2017-2018
1	Shri R.L. Nolkha	-	115.00
2	Shri Dinesh Nolkha	-	45.00
3	Shri Nitin Nolkha	-	45.00
4	Redial Trading & Investment Pvt. Ltd	800.00	694.00

NOTES TO THE FINANCIAL STATEMENTS

Note 33- Disclosure as per Ind AS 33 “Earning Per Share (EPS)”

i) Basic and Diluted Earnings Per Share (in ₹)

		(₹ In Lacs)	
Sr. No.	Particulars	As at 31st March 2019	As at 31st March 2018
a)	Net Profit available to Equity Shareholders	6,410.69	5,238.59
b)	Weighted Average Number of Equity Shares of ₹10 each outstanding during the year (in lacs)	560.83	495.99
c)	Basic/Diluted Earning per share (₹)	11.43	10.56
d)	Face Value of each equity share (₹)	10	10

ii) Weighted Average Number of Equity Shares

Particulars	As on 31.03.19	As on 31.03.18
Opening balance of issued Equity Shares	5,55,51,710	4,58,33,945
Effect of Shares issued during the year:		
6,68,290 Equity Shares issued on 15th June, 2018	5,30,970	-
93,85,765 Equity Shares issued on 07th November, 2017	-	37,28,592
3,32,000 Equity Shares issued on 20th February, 2018	-	36,384
Weighted Average No. of Equity Shares ₹10 each	5,60,82,680	4,95,98,921

Note No.34 - Dividend on Equity Shares

		(₹ In Lacs)	
Particulars		Year 2018-19	Year 2017-18
(i) Dividend Declared and paid during the year			
Final dividend for the year ended 31st March, 2018 of ₹ 1.20 (31st March 2017- ₹ 1.20) per fully paid Equity Share		674.64	550.01
Dividend Distribution Tax on Final Dividend		138.67	111.97
Total		813.31	661.98

(ii) Dividend not recognised at the end of reporting period

In addition to the above dividends, at the year end the company's Board of Directors have proposed the payment of final dividend of ₹1.25 (31st March 2018- ₹ 1.20) per fully paid Equity Share. This proposed dividend is subject to the approval of the shareholders in Annual General Meeting. The total outgo towards the same will be ₹ 847.20 Lacs including Dividend Distribution Tax.

Note 35 - Disclosure as per Ind AS 19 “Employee Benefits”

a) Defined Contribution Plan

The Company makes contributions towards Employees Provident Fund and Family Pension Fund for qualifying employees. The Fund is operated by the Regional Provident Fund Commissioner. The amount of contribution is recognized as expense for defined contribution plans.

Total contribution made by the employer to the Fund during the year is ₹ 358.22 lacs (Previous Year ₹ 341.44 Lacs).

NOTES TO THE FINANCIAL STATEMENTS

Note 35 - Disclosure as per Ind AS 19 "Employee Benefits" (Contd..)

b) Defined Benefit Plan & Other Long Term Benefits

(i) Gratuity

The Company makes payment to vested employees as per provisions of Payment of Gratuity Act, 1972. The provision of Gratuity liability as on the Balance Sheet date is done on actuarial valuation basis for qualifying employees, however the same is not funded to any trust or scheme.

The present value of the Defined Benefits obligation and the related current service cost is measured using the Projected Unit Credit Actuarial Method at the end of Balance Sheet date by the Actuary.

(ii) Leave Encashment

The company provides benefit of leave encashment to its employees as per defined rules. The provision for liability for leave encashment as on date of Balance Sheet is recognised on the basis of Actuarial certificate.

(iii) The following table set out the status of Gratuity and Leave encashment plans as required under Ind AS-19 :

(a) Changes in defined benefit obligations:-

(₹ In Lacs)

Particulars	For the year ended 2018-19		For the year ended 2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit obligation at the beginning of the period	779.80	214.94	653.68	179.59
Interest cost	61.29	16.89	51.38	14.11
Current service cost	190.53	77.65	153.55	69.52
Benefits paid	(20.59)	(12.64)	(17.85)	(9.26)
Actuarial (gain)/loss on obligation	(9.06)	(22.26)	(60.96)	(39.02)
Present value of obligation at the end of period	1,001.97	274.58	779.80	214.94

(b) Net Defined Benefit Cost/(Income) included in the:-

1. Statement of Profit and Loss

(₹ In Lacs)

Particulars	For the year ended 2018-19		For the year ended 2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service Cost	190.54	77.65	153.55	69.52
Interest Cost	61.29	16.89	51.38	14.11
Net actuarial (gain)/loss recognized in the period	-	(22.26)	-	(39.02)
Expenses recognized in the Profit & Loss statement	251.83	72.28	204.93	44.61

2. Other Comprehensive Income :-

(₹ In Lacs)

Particulars	Gratuity	
	For the year ended 2018-19	For the year ended 2017-18
Actuarial (Gain)/Loss for the year on Projected Benefit Obligations	(9.05)	(60.96)
Unrecognized actuarial (Gain)/Loss at the end of the year	(9.05)	(60.96)

NOTES TO THE FINANCIAL STATEMENTS

Note 35 - Disclosure as per Ind AS 19 "Employee Benefits" (Contd..)

(c) Reconciliation of the Present value of Defined Obligation and the fair value of the plan assets:

(₹ In Lacs)

Particulars	For the year ended 2018-19		For the year ended 2017-18	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at the end of period	1,001.97	274.58	779.80	214.94
Fair value of Plan Assets	-	-	-	-
Liability Recognized in Balance Sheet	1,001.97	274.58	779.80	214.94

(d) The assumptions used in Actuarial Valuation:-

(₹ In Lacs)

Financial Assumptions used to determine the Profit & Loss Charge	For the year ended 2018-2019	For the year ended 2017-2018
a) Discounting Rate	7.66% p.a.	7.86% p.a.
b) Salary Escalation Rate	8.00% p.a.	8.00% p.a.
c) Expected rate of Return on Assets	0.00% p.a.	0.00% p.a.
Demographic Assumptions Used to determine the Defined Benefit		
a) Retirement Age	60 Years	60 Years
b) Mortality Table	IALM (2006-2008)	
c) Employee Turnover/Attrition Rate		
18 TO 30 Years	3.00%	3.00%
30 to 45 Years	2.00%	2.00%
Above 45 Years	1.00%	1.00%

(e) Sensitivity Analysis as at 31.03.2019:-

(₹ In Lacs)

Particulars	Gratuity	Leave Encashment
Defined benefit Obligation - Discount Rate+50 Basis points	(67.20)	(19.54)
Defined benefit Obligation - Discount Rate-50 Basis points	74.82	21.87
Defined benefit Obligation - Salary Escalation Rate+50 Basis points	74.20	21.69
Defined benefit Obligation - Salary Escalation Rate-50 Basis points	(67.30)	(19.57)

(f) Expected Cash Flows for the next ten years as at 31.03.2019:-

(₹ In Lacs)

Particulars	Gratuity
Within 1 Year	85.68
1-5 Years	87.01
Beyond 5 Years but upto 10 Years	829.28
Total Expected Payments	1,001.97

(g) The estimates of future salary increase; considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

(h) The discount rate is based on prevailing market yields of Indian Government Bonds, as at the balance sheet date, consistent with the currency and estimated term of the post employment benefit obligations.

NOTES TO THE FINANCIAL STATEMENTS

Note No.36-Disclosure as per Ind AS 107 “Financial instrument disclosure”

i. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The Company monitors capital using a gearing ratio, which is calculated by dividing Net Debt from the Equity. The Company includes within Net Debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance) and under Equity, the Equity Share Capital plus other Equity (excluding Preference Share Capital) is considered.

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
Gross Debt	86,047.47	44,917.14
Less: Cash and Cash Equivalents	(275.01)	(10.01)
Net Debt (A)	85,772.46	44,907.13
Total Equity (B)	48,253.47	41,683.15
Gearing Ratio (A/B)	1.78	1.08

ii. Financial Risk Management

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. The Company's financial risk management is set by the Managing Board.

Company is exposed to following risk from the use of its financial instrument:

- Credit Risk
- Liquidity Risk
- Market Risk

(a) Credit risk

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categories a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Provision for Expected Credit or Loss

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses:

The Company has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low. Accordingly, no loss allowance for impairment has been recognized.

(b) Financial assets for which loss allowance is measured using life time expected credit losses:

The Company provides loss allowance on trade receivables using life time expected credit loss and as per simplified approach.

NOTES TO THE FINANCIAL STATEMENTS

Note No.36-Disclosure as per Ind AS 107 “Financial instrument disclosure” (Contd..)

ii. Financial Risk Management (Contd..)

Ageing of trade receivables

(₹ In Lacs)

Ageing	Not Due	0-180 days past due	181-365 days past due	1-2 years past due	2-5 years past due	Total
Gross Carrying amount as on 31.03.2019	10,053.54	2,019.00	-	-	-	12,072.54
Impairment loss recognized in 2018-19	-	-	-	-	-	-
Gross Carrying amount as on 31.03.2018	7,363.35	1,417.65	58.09	-	-	8,839.09
Impairment loss recognized in 2017-18	-	-	29.04	-	-	29.04

Hedge Accounting Disclosures

The Cash Flow hedging reserve represents the cumulative effective portion of gains or losses arising on charges in fair value of designated portion of hedging instruments entered into cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognized and accumulated under the heading of cash flow reserve will be reclassified to statement of profit and loss only when the hedged transaction affects the profit or loss or included as a basic adjustment to the non financial hedged item.

(b) Liquidity Risk

To replace net outflows due to unanticipated outflows. Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As on 31.03.2019

(₹ In Lacs)

Contractual maturities of financial liabilities	Contractual cash flows					Total
	3 Months or less	3-12 Months	1-2 Years	2-5 Years	More than 5 Years	
Term Loans from banks*	2,961.03	9,474.10	15,722.61	46,741.55	34,876.43	1,09,775.72
Term loans from Bank (vehicle loan)	1.40	0.95	-	-	-	2.35
Trade and other Payables	3,543.52	-	-	-	-	3,543.52

NOTES TO THE FINANCIAL STATEMENTS

Note No.36-Disclosure as per Ind AS 107 “Financial instrument disclosure” (Contd..)

(b) Liquidity Risk (Contd..)

As on 31.03.2018

(₹ In Lacs)

Contractual maturities of financial liabilities	Contractual cash flows					Total
	3 Months or less	3-12 Months	1-2 Years	2-5 Years	More than 5 Years	
Term Loans from banks*	2,099.84	6,123.92	8,270.64	23,501.75	7,070.60	47,066.74
Term loans from Bank (vehicle loan)	2.37	4.03	1.89	-	-	8.29
Trade and other Payables	2,556.60	-	-	-	-	2,556.60

*Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenure of the borrowing.

The Company has accessed the following undrawn facilities at the end of reporting period:

(₹ In Lacs)

Particulars	As at 31st March 2019		As at 31st March 2018	
Fixed Rate Borrowings:	-	-	-	-
Floating-rate borrowings:	1,807.38	9,248.45		
Total- Undrawn Facilities	1,807.38	9,248.45		

(c) Market Risk

Considering the company's existing foothold/experience in the spinning sector, established & diversified client base, association with various international/domestic agents, it's competent sales executives and an established marketing setup, it does not foresee any problem in marketing its additional production.

Since major portion will be sold in the export market company is confident of leveraging on its existing network of overseas buyers.

Market Risk is the risk of loss of future earnings, fair values of future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchanges rates, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, and other market changes. The Company manages market risk through a finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

i) Interest Rate Risk

It is the risk where changes in market interest rates might adversely affect the company's financial condition. The short term/immediate impact of changes in interest rates are on the company's net interest income (NII). On a longer term, change in interest rate impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the company arising out of all reprising mismatches and other interest rate sensitive positions.

NOTES TO THE FINANCIAL STATEMENTS

Note No.36-Disclosure as per Ind AS 107 “Financial instrument disclosure” (Contd..)

(c) Market Risk (Contd..)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

Detail of financial instrument bearing interest rate risk

At the reporting date the interest rate profile of the company's interest bearing financial instrument is at its fair value:

(₹ In Lacs)		
Particulars	As at 31st March 2019	As at 31st March 2018
Variable rate instruments		
Long Term Borrowings	61,873.51	31,050.14
Current maturities of long term debts	5,630.60	5,115.45
Short Term Borrowings	18,543.36	8,751.55
Total	86,047.47	44,917.14

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ In Lacs)		
Particulars	Effect of Profit or Loss	
	50 BP decrease	50 BP increase
31st March 2019		
Term Loans	337.52	(337.52)
Loan repayable on demand	92.72	(92.72)
Total	430.24	(430.24)
31st March 2018		
Term Loans	180.83	(180.83)
Loan repayable on demand	43.76	(43.76)
Total	224.59	(224.59)

ii) Foreign Exchange Risk

It is the risk that the company may suffer losses as a result of adverse exchange rates movements during a period in which it has an open position in an individual foreign currency. In addition, the company may also expose to the following risks on account of foreign exchange exposures as applicable.

Interest Rate Risk - Which arises from the maturity mismatches of foreign currency position

Settlement Risk - On account of risk of default of the counter parties.

NOTES TO THE FINANCIAL STATEMENTS

Note No.36-Disclosure as per Ind AS 107 “Financial instrument disclosure” (Contd..)

Exposure to Foreign Currency :

Particulars	(Foreign Currency In Lacs)	
	As at 31st March 2019	As at 31st March 2018
Exposure on account of Financial Assets		
Trade Receivables (net of Bill Discounted) (A)		
: In USD	100.25	83.16
: In Euro	1.14	1.80
: In GBP	0.48	0.19
Amount hedged through Forward Contracts (B)		
: In USD	100.25	83.16
: In Euro	1.14	1.80
: In GBP	0.48	0.19
Net Exposure to Foreign Currency Assets (C = A-B)		
: In USD	-	-
: In Euro	-	-
: In GBP	-	-
Exposure on account of Financial Liabilities		
Trade Payables (D)		
: In USD	3.25	3.99
: In Euro	0.08	0.15
: In GBP	0.06	0.09
: In CHF	0.34	-
Amount hedged through Forward Contracts (E)		
: In USD	-	-
: In Euro	-	-
: In GBP	-	-
: In CHF	-	-
Net Exposure to Foreign Currency Liabilities(F = D-E)		
: In USD	3.25	3.99
: In Euro	0.08	0.15
: In GBP	0.06	0.09
: In CHF	0.34	-
Net Exposure to Foreign Currency Assets/Liabilities (C-F)		
: In USD	(3.25)	(3.99)
: In Euro	(0.08)	(0.15)
: In GBP	(0.06)	(0.09)
: In CHF	(0.34)	-

The Company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitments and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the company's overall Risk Management Strategy. The company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts and unhedged currency exposure as at 31st March, 2019 is as under :

Particulars	Current Year		Previous Year	
	Foreign Currency	INR	Foreign Currency	INR
Forward Contracts outstanding (for Hedging)				
USD (Sale)	200.69	14,397.81	199.08	13,019.25
EURO (Sale)	1.20	97.48	6.35	513.85
GBP (Sale)	0.99	93.60	1.19	109.84
Total	202.88	14,588.89	206.62	13,642.94

NOTES TO THE FINANCIAL STATEMENTS

Note No.36-Disclosure as per Ind AS 107 “Financial instrument disclosure” (Contd..)

ii) Foreign Exchange Risk (Contd..)

(₹ In Lacs)

Particulars	Current Year		Previous Year	
	Foreign Currency	INR	Foreign Currency	INR
Unhedged forex exposure				
Payable – USD	3.25	224.81	3.99	259.53
Payable – EURO	0.08	6.22	0.15	12.09
Payable – GBP	0.06	5.43	0.09	8.31
Payable – CHF	0.34	23.60	-	-
Total	3.73	260.05	4.23	279.93

Foreign Currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO, GBP and CHF rates to the functional currency of respective entity, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(₹ In Lacs)

Particulars	As at 31st March 2019	As at 31st March 2018
1% Appreciation in INR		
Impact on Equity	2.60	2.80
Impact on P&L	2.60	2.80
1% Depreciation in INR		
Impact on Equity	(2.60)	(2.80)
Impact on P&L	(2.60)	(2.80)

Note 37 - Disclosure as per Ind AS 115 “Revenue from Contract with Customers”

The company has adopted Ind AS 115 “Revenue from Contracts with Customers” which is mandatory for reporting periods beginning on or after 01st April 2018. The Company has adopted the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with this method, the comparatives have not been retrospectively adjusted. Application of Ind AS 115 does not have any material impact on the financial results of the company.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2019 by contract-type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

(₹ In Lacs)

Particulars	For the year Ended 31st March 2019
Revenues on the basis of Geographical area	
- Domestic Sales	39,844.55
- Export Sales (Including Export Incentives)	84,406.49
Total	1,24,251.04

NOTES TO THE FINANCIAL STATEMENTS

Note 37 - Disclosure as per Ind AS 115 "Revenue from Contract with Customers" (Contd..)

Trade receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables either as a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time. This would result in the timing of revenue recognition being different from the timing of billing the customers.

Company classifies amount received as advance from customers against sales as contract liability.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended 31st March 2019, the company recognizes revenue of ₹ 65.29 Lacs arising from opening contract liabilities as of 1st April, 2018.

Performance obligations and remaining performance

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in para 121 of Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the performance obligation is part of a contract that has an original expected duration of less than 1 year.

The remaining performance obligation as on 31st March 2019 is ₹ 53.19 Lacs which is to be satisfied within 1 year or less

The impact on account of applying the erstwhile IndAS 18 Revenue instead of IndAS 115 Revenue from contract with customers on the financials results of the Company for the year ended as at March 31, 2019 is insignificant.

Note 38 - Disclosure as per Ind AS 108 "Operating Segments"

(i) The Company is engaged in Business of Textiles. Hence there is no separate business segments

Details of Export outside country and Domestic sales within country are as under:

(₹ In Lacs)		
Particulars	Current Year	Previous Year
Segment Revenue		
- Within India (Domestic Sales)	39,844.55	40,813.06
- Outside India (Exports - Including Export Incentives)	84,406.49	73,711.83
Total	1,24,251.04	1,14,524.89

Note 39 - Disclosure of Corporate social responsibility (CSR)

As per section 135 of Companies Act the company is required to spend in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial year in accordance with its CSR policy.

A. Gross amount required to be spent by the Company during the year 2018-19 - ₹137.93 Lacs (Year 2017-18 - ₹ 126.50 Lacs)

NOTES TO THE FINANCIAL STATEMENTS

Note 39 - Disclosure of Corporate social responsibility (CSR) (Contd..)

B. Amount spent during the year on:

(₹ In Lacs)		
Particulars	Year 2018-19	Year 2017-18
i) Construction/ Acquisition of any assets	93.92	126.90
ii) Purposes other than (i) above	48.54	4.50
Total	142.46	131.40

Note 40 : Recent Accounting Pronouncements

a) Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under IndAS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of IndAS116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to IndAS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The effect of adoption as on transition date would be insignificant.

b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

NOTES TO THE FINANCIAL STATEMENTS

Note 40 : Recent Accounting Pronouncements (Contd..)

The standard permits two possible methods of transition –

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
 - ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.
- c) Amendment to Ind AS 12 – Income taxes:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.
- d) Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

In terms of our report of even date

For and on behalf of the Board

For KALANI & CO.

Chartered Accountants
(Firm Reg. no. 000722C)

R.L.NOLKHA

Chairman
(DIN - 00060746)

DINESH NOLKHA

Managing Director
(DIN - 00054658)

S. P. JHANWAR

Partner
M.No. 074414

P.MAHESHWARI

Chief Financial Officer
(PAN - ABAPM8005C)

SUDHIR GARG

Company Secretary & General Manager (Legal)
(PAN - ABBPK6037F)

Place : Hamirgarh, Bhilwara

Date : 25.05.2019



If undelivered please return to:

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